By Mr. WILLIAMS of Illinois: A bill (H. R. 9094) granting a pension to Nancy A. Thornton; to the Committee on Invalid Pensions.

By Mr. GREENWOOD: Resolution (H. Res. 129) to pay Elizabeth Angleton, daughter of James H. Shouse, six months' salary and $250 to defray the funeral expenses of the said James H. Shouse; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

605. By Mr. ARENTZ: Petition of the Nevada Bar Association favoring passage by Congress of a bill to fix the salaries of certain judges of the United States; to the Committee on the Judiciary.

606. By Mr. BROWNE: Petition of members of Marathon County Board, asking for light beer and wine; to the Committee on the Judiciary.

607. By Mr. GALLIVAN: Petition of Whittemore Bros. Co., Cambridge, Mass., recommending favorable consideration of House bill 4798, providing for a reorganization of the Government service; to the Committee on the Civil Service.

608. Also, petition of Rust Craft, Publishers (Inc.), Boston, Mass., recommending favorable consideration of House bill 3991, prohibiting the sending of unsolicited merchandise through the mails; to the Committee on the Post Office and Post Roads.

609. By Mr. HICKEY: Petition signed by Mrs. Dora Austin, 749 North Diamond Avenue, South Bend, Ind., and several hundred other citizens of South Bend, Ind., protesting against any proposed legislation that will in any way modify the Volstead Act and liquor laws of the United States; to the Committee on the Judiciary.

610. By Mr. LEAVITT: Resolutions of woman's clubs at Roundup, Hobson, Florence, Hysham, Troy, Whitefish, Glacier Park, Pony, and Helena, Mont., and the Twentieth Century Club of Joliet, Mont., favoring continuance of the provisions of the Sheppard-Towner maternity act; to the Committee on Interstate and Foreign Commerce.

611. By Mr. LINTHICUM: Memorial of the National Association of Merchant Tailors, assembled January 28, 1926, at Hotel Statler, in St. Louis, approving House bill 3936 proposing to repeal the law which puts the National Government in competition with the tailoring trade and alleging that such competition is unfair, most costly, and paternalistic; to the Committee on Naval Affairs.

612. By Mr. MORROW: Petition of Mimbres Valley Farmers' Association, Deming, N. Mex., indorsing the enactment of Senate bill 575, the Gooding-Hoch bill; to the Committee on Interstate and Foreign Commerce.

613. Also, petition of Chavez County Game Protective Association, Roswell, N. Mex., indorsing Senate bill 2015, fish hatchery for New Mexico; to the Committee on the Merchant Marine and Fisheries.

614. By Mr. O'CONNELL of New York: Petition of the Chamber of Commerce of the State of New York, favoring the passage of House bill 6771, for the acquisition or erection of American Government buildings and embassy, legation, and consular buildings, and for other purposes; to the Committee on Foreign Affairs.

615. Also, petition of the American Citizens of Polish Descent of New York City, favoring the passage of House bill 7089; to the Committee on Immigration and Naturalization.

616. Also, petition of the Chamber of Commerce of the State of New York, favoring the passage of Senate bill 94, a bill to protect navigation from obstruction and injury by preventing the discharge of oil into the coastal navigable waters of the United States, and urges upon Congress its enactment into law, that our navigable waters, and water-front property, may be preserved and protected from pollution; to the Committee on Rivers and Harbors.

617. Also, petition of the Chamber of Commerce of the State of New York, opposing the enactment into law of Senate bill 1383 providing for the transfer of certain duties of the Steamboat Inspection Service from the Department of Commerce to the Department of Labor; to the Committee on Interstate and Foreign Commerce.

618. Also, petition of the Chamber of Commerce of the State of New York, favoring the passage of House bill 3853, to establish in the Bureau of Foreign and Domestic Commerce of the Department of Commerce a foreign commerce service of the United States to carry on work as outlined in the bill; to the Committee on Interstate and Foreign Commerce.

619. By Mr. THOMPSON: Petition of farmers of the fifth congressional district of Ohio, opposing proposed amendment No. 6741 to the immigration act of 1924; to the Committee on Immigration and Naturalization.

620. By Mr. TINKHAM: Petition of members of faculty of Boston University, the College of Business Administration, Boston, favoring an amendment to section 15 of the present copyright law; to the Committee on Patents.

SENATE

TUESDAY, *February 9, 1926*

(Legislative day of Monday, February 1, 1926)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

The VICE PRESIDENT. The Senate resumes the consideration of the tax reduction bill.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. SMOOT. Mr. President, I ask that the estate tax may be taken up, on page 170 of the bill. I desire to have the amendment stated so that it will be before the Senate.

Mr. KING. Will not my colleague take up the automobile tax?

Mr. SMOOT. I think we had better take up the estate tax and get through with it now.

Mr. MOSES. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New Hampshire?

Mr. SMOOT. Certainly.

Mr. MOSES. The Senator suggested last evening that it might be possible to get an arrangement with reference to the tax on alcohol. Has that arrangement been reached?

Mr. SMOOT. Not as yet. I hope to reach it to-day.

The VICE PRESIDENT. The clerk will state the estate tax amendment reported by the committee.

The CHIEF CLERK. Under the heading "Title III.—Estate tax," on page 170, after line 14, strike out:

SEC. 300. When used in this title—

The term "executor" means the executor or administrator of the decedent, or, if there is no executor or administrator appointed, qualified, and acting within the United States, then any person in actual or constructive possession of any property of the decedent:

The term "net estate" means the net estate as determined under the provisions of section 303;

The term "month" means calendar month; and

The term "collector" means the collector of internal revenue of the district in which was the domicile of the decedent at the time of his death, or, if there was no such domicile in the United States, then the collector of the district in which is situated the part of the gross estate of the decedent in the United States, or, if such part of the gross estate is situated in more than one district, then the collector of internal revenue of such district as may be designated by the commissioner.

SEC. 301. (a) In lieu of the tax imposed by Title III of the revenue act of 1924 a tax equal to the sum of the following percentages of the value of the net estate (determined as provided in section 303) is hereby imposed upon the transfer of the net estate of every decedent dying after the enactment of this act, whether a resident or nonresident of the United States:

One per cent of the amount of the net estate not in excess of $50,000;

Two per cent of the amount by which the net estate exceeds $50,000 and does not exceed $100,000;

Three per cent of the amount by which the net estate exceeds $100,000 and does not exceed $200,000;

Four per cent of the amount by which the net estate exceeds $200,000 and does not exceed $400,000;

Five per cent of the amount by which the net estate exceeds $400,000 and does not exceed $600,000;

Six per cent of the amount by which the net estate exceeds $600,000 and does not exceed $800,000;

Seven per cent of the amount by which the net estate exceeds $800,000 and does not exceed $1,000,000;

Eight per cent of the amount by which the net estate exceeds $1,000,000 and does not exceed $1,500,000;

Nine per cent of the amount by which the net estate exceeds $1,500,000 and does not exceed $2,000,000;

Ten per cent of the amount by which the net estate exceeds $2,000,000 and does not exceed $2,500,000;

Eleven per cent of the amount by which the net estate exceeds $2,500,000 and does not exceed $3,000,000;

Twelve per cent of the amount by which the net estate exceeds $3,000,000 and does not exceed $3,500,000;

Thirteen per cent of the amount by which the net estate exceeds $3,500,000 and does not exceed $4,000,000;

Fourteen per cent of the amount by which the net estate exceeds $4,000,000 and does not exceed $5,000,000;

Fifteen per cent of the amount by which the net estate exceeds $5,000,000 and does not exceed $6,000,000;

Sixteen per cent of the amount by which the net estate exceeds $6,000,000 and does not exceed $7,000,000;

Seventeen per cent of the amount by which the net estate exceeds $7,000,000 and does not exceed $8,000,000;

Eighteen per cent of the amount by which the net estate exceeds $8,000,000 and does not exceed $9,000,000;

Nineteen per cent of the amount by which the net estate exceeds $9,000,000 and does not exceed $10,000,000;

Twenty per cent of the amount by which the net estate exceeds $10,000,000.

(b) The tax imposed by this section shall be credited with the amount of any estate, inheritance, legacy, or succession taxes actually paid to any State or Territory or the District of Columbia, in respect of any property included in the gross estate. The credit allowed by this subdivision shall not exceed 80 per cent of the tax imposed by this section, and shall include only such taxes as were actually paid and credit therefor claimed within four years after the filing of the return required by section 304.

SEC. 302. The value of the gross estate of the decedent shall be determined by including the value at the time of his death of all property, real or personal, tangible or intangible, wherever situated—

(a) To the extent of the interest therein of the decedent at the time of his death;

(b) To the extent of any interest therein of the surviving spouse, existing at the time of the decedent's death as dower, curtesy, or by virtue of a statute creating an estate in lieu of dower or curtesy;

(c) To the extent of any interest therein of which the decedent has at any time made a transfer, by trust or otherwise, in contemplation of or intended to take effect in possession or enjoyment at or after his death, except in case of a bona fide sale for a fair consideration in money or money's worth. Where within two years prior to his death and without such a consideration the decedent has made a transfer or transfers, by trust or otherwise, of any of his property, or an interest therein, not admitted or shown to have been made in contemplation of or intended to take effect in possession or enjoyment at or after his death, and the value or aggregate value, at the time of such death, of the property or interest so transferred to any one person is in excess of $5,000, then, to the extent of such excess, such transfer or transfers shall be deemed and held to have been made in contemplation of death within the meaning of this title;

(d) To the extent of any interest therein of which the decedent has at any time made a transfer, by trust or otherwise, where the enjoyment thereof was subject at the date of his death to any change through the exercise of a power, either by the decedent alone or in conjunction with any person, to alter, amend, or revoke, or where the decedent relinquished any such power in contemplation of his death, except in case of a bona fide sale for a fair consideration in money or money's worth. The relinquishment of any such power, not admitted or shown to have been in contemplation of the decedent's death, made within two years prior to his death without such a consideration and affecting the interest or interests (whether arising from one or more transfers or the creation of one or more trusts) of any one beneficiary of a value or aggregate value, at the time of such death, in excess of $5,000, then, to the extent of such excess, such relinquishment or relinquishments shall be deemed and held to have been made in contemplation of death within the meaning of this title;

(e) To the extent of the interest therein held as joint tenants by the decedent and any other person, or as tenants by the entirety by the decedent and spouse, or deposited, with any person carrying on the banking business, in their joint names and payable to either or the survivor, except such part thereof as may be shown to have originally belonged to such other person and never to have been received or acquired by the latter from the decedent for less than a fair consideration in money or money's worth: *Provided*, That where such property or any part thereof, or part of the consideration with which such property was acquired, is shown to have been at any time acquired by such other person from the decedent for less than a fair consideration in money or money's worth, there shall be excepted only such part of the value of such property as is proportionate to the consideration furnished by such other person: *Provided further*, That where any property has been acquired by gift, bequest, devise, or inheritance, as a tenancy by the entirety by the decedent and spouse, then to the extent of one-half of the value thereof, or, where so acquired by the decedent and any other person as joint tenants and their interests are not otherwise specified or fixed by law, then to the extent of the value of a fractional part to be determined by dividing the value of the property by the number of joint tenants;

(f) To the extent of any property passing under a general power of appointment exercised by the decedent (1) by will, or (2) by deed executed in contemplation of, or intended to take effect in possession or enjoyment at or after, his death, except in case of a bona fide sale for a fair consideration in money or money's worth; and

(g) To the extent of the amount receivable by the executor as insurance under policies taken out by the decedent upon his own life; and to the extent of the excess over $40,000 of the amount receivable by all other beneficiaries as insurance under policies taken out by the decedent upon his own life.

(h) Subdivisions (b), (c), (d), (e), (f), and (g) of this section shall apply to the transfers, trusts, estates, interests, rights, powers, and relinquishment of powers, as severally enumerated and described therein, whether made, created, arising, existing, exercised, or relinquished before or after the enactment of this act, except that the second sentence of subdivision (c) and the second sentence of subdivision (d) shall apply only to transfers and relinquishments made after the enactment of this act.

SEC. 303. For the purpose of the tax the value of the net estate shall be determined—

(a) In the case of a resident, by deducting from the value of the gross estate—

(1) Such amounts for funeral expenses, administration expenses, claims against the estate, unpaid mortgages upon, or any indebtedness in respect to, property (except, in the case of a resident decedent, where such property is not situated in the United States), to the extent that such claims, mortgages, or indebtedness were incurred or contracted bona fide and for a fair consideration in money or money's worth, losses incurred during the settlement of the estate arising from fires, storms, shipwreck, or other casualty, or from theft, when such losses are not compensated for by insurance or otherwise, and such amounts reasonably required and actually expended for the support during the settlement of the estate of those dependent upon the decedent, as are allowed by the laws of the jurisdiction, whether within or without the United States, under which the estate is being administered, but not including any income taxes upon income received after the death of the decedent, or any estate, succession, legacy, or inheritance taxes;

(2) An amount equal to the value of any property (A) forming a part of the gross estate situated in the United States of any person who died within five years prior to the death of the decedent, or (B) transferred to the decedent by gift within five years prior to his death, where such property can be identified as having been received by the decedent from such donor by gift or from such prior decedent by gift, bequest, devise, or inheritance, or which can be identified as having been acquired in exchange for property so received. This deduction shall be allowed only where a gift tax imposed under the revenue act of 1924, or an estate tax imposed under this or any prior act of Congress was paid by or on behalf of the donor or the estate of such prior decedent as the case may be, and only in the amount of the value placed by the commissioner on such property in determining the value of the gift or the gross estate of such prior decedent, and only to the extent that the value of such property is included in the decedent's gross estate and not deducted under paragraph (1) or (3) of this subdivision;

(3) The amount of all bequests, legacies, devises, or transfers, except bona fide sales for a fair consideration in money or money's worth, in contemplation of or intended to take effect in possession or enjoyment at or after the decedent's death, to or for the use of the United States, any State, Territory, any political subdivision thereof, or the District of Columbia, for exclusively public purposes, or to or for the use of any corporation organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, including the encouragement of art and the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual, or to a trustee or trustees, or a fraternal society, order, or association operating under the lodge system, but only if such contributions or gifts are to be used by such trustee or trustees, or by such fraternal society, order, or association, exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. If the tax imposed by section 301, or any estate, succession, legacy, or inheritance taxes, are, either by the terms of the will, by the law of the jurisdiction under which the estate is administered, or by the law of the jurisdiction imposing the particular tax, payable in whole or in part out of the bequests, legacies, or devises otherwise deductible under this paragraph, then the amount deductible under this paragraph shall be the amount of such bequests, legacies, or devises reduced by the amount of such taxes; and

(4) An exemption of $50,000.

(b) In the case of a nonresident, by deducting from the value of that part of his gross estate which at the time of his death is situated in the United States—

(1) That proportion of the deductions specified in paragraph (1) of subdivision (a) of this section which the value of such part bears to the value of his entire gross estate, wherever situated, but in no case shall the amount so deducted exceed 10 per cent of the value of that part of his gross estate which at the time of his death is situated in the United States.

(2) An amount equal to the value of any property (A) forming a part of the gross estate situated in the United States of any person who died within five years prior to the death of the decedent, or (B) transferred to the decedent by gift within five years prior to his death, where such property can be identified as having been received by the decedent from such donor by gift or from such prior decedent by gift, bequest, devise, or inheritance, or which can be identified as having been acquired in exchange for property so received. This deduction shall be allowed only where a gift tax imposed under the revenue act of 1924, or an estate tax imposed under this or any prior act of Congress was paid by or on behalf of the donor or the estate of such prior decedent as the case may be, and only in the amount of the value placed by the commissioner on such property in determining the value of the gift or the gross estate of such prior decedent, and only to the extent that the value of such property is included in that part of the decedent's gross estate which at the time of his death is situated in the United States and not deducted under paragraph (1) or (3) of this subdivision; and

(3) The amount of all bequests, legacies, devises, or transfers, except bona fide sales for a fair consideration, in money or money's worth, in contemplation of or intended to take effect in possession or enjoyment at or after the decedent's death, to or for the use of the United States, any State, Territory, any political subdivision thereof, or the District of Columbia, for exclusively public purposes, or to or for the use of any domestic corporation organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, including the encouragement of art and the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual, or to a trustee or trustees, or a fraternal society, order, or association operating under the lodge system, but only if such contributions or gifts are to be used within the United States by such trustee or trustees, or by such fraternal society, order, or association, exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. If the tax imposed by section 301, or any estate, succession, legacy, or inheritance taxes, are, either by the terms of the will, by the law of the jurisdiction under which the estate is administered, or by the law of the jurisdiction imposing the particular tax, payable in whole or in part out of the bequests, legacies, or devises otherwise deductible under this paragraph, then the amount deductible under this paragraph shall be the amount of such bequests, legacies, or devises reduced by the amount of such taxes.

(c) No deduction shall be allowed in the case of a nonresident unless the executor includes in the return required to be filed under section 304 the value at the time of his death of that part of the gross estate of the nonresident not situated in the United States.

(d) For the purpose of this title, stock in a domestic corporation owned and held by a nonresident decedent shall be deemed property within the United States, and any property of which the decedent has made a transfer, by trust or otherwise, within the meaning of subdivision (c) or (d) of section 302, shall be deemed to be situated in the United States, if so situated either at the time of the transfer, or at the time of the decedent's death.

(e) The amount receivable as insurance upon the life of a nonresident decedent, and any moneys deposited with any person carrying on the banking business, by or for a nonresident decedent who was not engaged in business in the United States at the time of his death, shall not, for the purpose of this title, be deemed property within the United States.

(f) Missionaries duly commissioned and serving under boards of foreign missions of the various religious denominations in the United States, dying while in the foreign missionary service of such boards, shall not, by reason merely of their intention to permanently remain in such foreign service, be deemed nonresidents of the United States, but shall be presumed to be residents of the State, the District of Columbia, or the Territories of Alaska or Hawaii wherein they respectively resided at the time of their commission and their departure for such foreign service.

SEC. 304. (a) The executor, within two months after the decedent's death, or within a like period after qualifying as such, shall give written notice thereof to the collector. The executor shall also, at such times and in such manner as may be required by regulations made pursuant to law, file with the collector a return under oath in duplicate, setting forth (1) the value of the gross estate of the decedent at the time of his death, or, in case of a nonresident, of that part of his gross estate situated in the United States; (2) the deductions allowed under section 303; (3) the value of the net estate of the decedent as defined in section 303; and (4) the tax paid or payable thereon; or such part of such information as may at the time be ascertainable and such supplemental data as may be necessary to establish the correct tax.

(b) Return shall be made in all cases where the gross estate at the death of the decedent exceeds $50,000, and in the case of the estate of every nonresident any part of whose gross estate is situated in the United States. If the executor is unable to make a complete return as to any part of the gross estate of the decedent, he shall include in his return a description of such part and the name of every person holding a legal or beneficial interest therein, and upon notice from the collector such person shall in like manner make a return as to such part of the gross estate.

SEC. 305. (a) The tax imposed by this title shall be due and payable one year after the decedent's death, and shall be paid by the executor to the collector.

(b) Where the commissioner finds that the payment on the due date of any part of the amount determined by the executor as the tax would impose undue hardship upon the estate, the commissioner may extend the time for payment of any such part not to exceed five years from the due date. In such case the amount in respect of which the extension is granted shall be paid on or before the date of the expiration of the period of the extension.

(c) If the time for the payment is thus extended there shall be collected, as a part of such amount, interest thereon at the rate of 6 per cent per annum from the expiration of six months after the due date of the tax to the expiration of the period of the extension.

(d) The time for which the commissioner may extend the time for payment of the estate tax imposed by Title IV of the revenue act of 1921 is hereby increased from three years to five years.

SEC. 306. As soon as practicable after the return is filed the commissioner shall examine it and shall determine the correct amount of the tax.

SEC. 307. As used in this title in respect of a tax imposed by this title the term "deficiency" means—

(1) The amount by which the tax imposed by this title exceeds the amount shown as the tax by the executor upon his return; but the amount so shown on the return shall first be increased by the amounts previously assessed (or collected without assessment) as a deficiency, and decreased by the amounts previously abated, refunded, or otherwise repaid in respect of such tax; or

(2) If no amount is shown as the tax by the executor upon his return, or if no return is made by the executor, then the amount by which the tax exceeds the amounts previously assessed (or collected without assessment) as a deficiency; but such amounts previously assessed, or collected without assessment, shall first be decreased by the amounts previously abated, refunded, or otherwise repaid in respect of such tax.

SEC. 308. (a) If the commissioner determines that there is a deficiency in respect of the tax imposed by this title, the executor, except as provided in subdivision (d) or (f), shall be notified of such deficiency by registered mail. Within 60 days after such notice is mailed the executor may file a petition with the Board of Tax Appeals for a redetermination of the deficiency. Except as provided in subdivision (d) or (f) of this section or in section 279 or in section 912 of the revenue act of 1924 as amended, no assessment of a deficiency in respect of the tax imposed by this title and no distraint or proceeding in court for its collection shall be made, begun, or prosecuted until the taxpayer has been notified of such deficiency as above provided, nor until the expiration of such 60-day period, nor, if a petition has been filed with the board, until the decision of the board has become final. The executor, notwithstanding the provisions of section 3224 of the Revised Statutes, may enjoin by a proceeding in the proper court the making of such assessment or the beginning of such proceeding or distraint during the time such prohibition is in force.

(b) If the executor files a petition with the board, the entire amount redetermined as the deficiency by the decision of the board which has become final shall be assessed and shall be paid upon notice and demand from the collector. No part of the amount determined as a deficiency by the commissioner but disallowed as such by the decision of the board which has become final shall be assessed or be collected by distraint or by proceeding in court with or without assessment.

(c) If the executor does not file a petition with the board within the time prescribed in subdivision (a) of this section, the deficiency of which the executor has been notified shall be assessed, and shall be paid upon notice and demand from the collector.

(d) If the commissioner believes that the assessment or collection of a deficiency will be jeopardized by delay, such deficiency shall be assessed immediately and notice and demand shall be made by the collector for the payment thereof. In such case the jeopardy assessment may be made (1) without giving the notice provided in subdivision (a) of this section, or (2) before the expiration of the 60-day period provided in subdivision (a) of this section even though such notice has been given, or (3) at any time prior to the decision of the board upon such deficiency even though the executor has filed a petition with the board, or (4) in the case of any part of the deficiency allowed by the board, at any time before the expiration of 90 days

after the decision of the board was rendered, but not after the executor has filed a review bond under section 912 of the revenue act of 1924 as amended. Upon the making of the jeopardy assessment the jurisdiction of the board and the right of the executor to appeal from the board shall cease. If the executor does not file a claim in abatement with bond as provided in section 312, the deficiency so assessed (or, if the claim so filed covers only a part of the deficiency, then the amount not covered by the claim) shall be paid upon notice and demand from the collector.

(e) The board shall have jurisdiction to redetermine the correct amount of the deficiency even if the amount so redetermined is greater than the amount of the deficiency of which the executor was notified, whether or not claim therefor is asserted by the commissioner at or before the hearing; but the board shall by rules prescribe under what conditions and at what times the commissioner may assert before the board that the deficiency is greater than the amount of which the executor was notified.

(f) If after the enactment of this act the commissioner has notified the executor of a deficiency as provided in subdivision (a), he shall have no right to determine any additional deficiency, except in the case of fraud, and except as provided in subdivision (e). If the executor is notified that, on account of a mathematical error appearing upon the face of the return, an amount of tax in excess of that shown upon the return is due, and that an assessment of the tax has been or will be made on the basis of what would have been the correct amount of tax but for the mathematical error, such notification shall not be considered, for the purposes of this subdivision or of subdivision (a) of this section, or of section 317, as a notification of a deficiency, and the executor shall have no right to file a petition with the Board of Tax Appeals based on such notification, nor shall such assessment be prohibited by the provisions of subdivision (a) of this section.

(g) For the purposes of this title the time at which a decision of the board becomes final shall be determined according to the provisions of section 916 of the revenue act of 1924, as amended.

(h) Interest upon the amount determined as a deficiency shall be assessed at the same time as the deficiency, shall be paid upon notice and demand from the collector, and shall be collected as a part of the tax, at the rate of 6 per cent per annum from the due date of the tax to the date the deficiency is assessed.

(i) Where it is shown to the satisfaction of the commissioner that the payment of a deficiency upon the date prescribed for the payment thereof will result in undue hardship to the estate, the commissioner, with the approval of the Secretary (except where the deficiency is due to negligence, to intentional disregard of rules and regulations, or to fraud with intent to evade tax), may grant an extension for the payment of such deficiency or any part thereof for a period of not in excess of two years. If an extension is granted, the commissioner may require the executor to furnish a bond in such amount, not exceeding double the amount of the deficiency, and with such sureties, as the commissioner deems necessary, conditioned upon the payment of the deficiency in accordance with the terms of the extension. In such case there shall be collected, as a part of the tax, interest on the part of the deficiency the time for payment of which is so extended, at the rate of 6 per cent per annum for the period of the extension, and no other interest shall be collected on such part of the deficiency for such period. If the part of the deficiency the time for payment of which is so extended is not paid in accordance with the terms of the extension, there shall be collected, as a part of the tax, interest on such unpaid amount at the rate of 1 per cent a month for the period from the time fixed by the terms of the extension for its payment until it is paid, and no other interest shall be collected on such unpaid amount for such period.

(j) The 50 per cent addition to the tax provided by section 3176 of the Revised Statutes, as amended, shall, when assessed after the enactment of this act in connection with an estate tax, be assessed, collected, and paid in the same manner as if it were a deficiency, except that the provisions of subdivision (h) of this section shall not be applicable.

SEC. 309. (a) (1) Where the amount determined by the executor as the tax imposed by this title, or any part of such amount, is not paid on the due date of the tax, there shall be collected as a part of the tax interest upon such unpaid amount at the rate of 1 per cent a month from the due date until it is paid.

(2) Where an extension of time for payment of the amount so determined as the tax by the executor has been granted, and the amount the time for payment of which has been extended, and the interest thereon determined under subdivision (c) of section 305, is not paid in full prior to the expiration of the period of the extension, then, in lieu of the interest provided for in paragraph (1) of this subdivision, interest at the rate of 1 per cent a month shall be collected on such unpaid amount from the date of the expiration of the period of the extension until it is paid.

(b) Where a deficiency, or any interest assessed in connection therewith under subdivision (h) of section 308, or any addition to the tax provided for in section 3176 of the Revised Statutes, as amended, is not paid in full within 30 days from the date of notice and demand from the collector, there shall be collected as part of the tax interest upon the unpaid amount at the rate of 1 per cent a month from the date of such notice and demand until it is paid.

(c) If a claim in abatement is filed, as provided in section 312, the provisions of subdivision (b) of this section shall not apply to the amount covered by the claim in abatement.

SEC. 310. (a) Except as provided in section 311, the amount of the estate taxes imposed by this title shall be assessed within four years after the return was filed, and no proceeding in court for the collection of such taxes shall be begun after the expiration of five years after the return was filed.

(b) The running of the statute of limitations on the making of assessments and the beginning of distraint or a proceeding in court for collection, in respect of any deficiency, shall be suspended for the period during which, under the provisions of this title, the commissioner is prohibited from making the assessment or beginning distraint or a proceeding in court.

SEC. 311. (a) In the case of a false or fraudulent return with intent to evade tax or of a failure to file a return the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

(b) Where the assessment of the tax is made within the period prescribed in section 310 or in this section, such tax may be collected by distraint or by a proceeding in court, begun within (1) six years after the assessment of the tax, or (2) at any time prior to the expiration of any period for collection agreed upon in writing by the commissioner and the executor.

(c) This section shall not affect any assessment made, or distraint or proceeding in court begun, before the enactment of this act, nor shall it authorize the assessment of a tax or the collection thereof by distraint or by a proceeding in court (1) if at the time of the enactment of this act such assessment, distraint, or proceeding was barred by the period of limitation then in existence, or (2) contrary to the provisions of subdivision (a) of section 308.

SEC. 312. (a) If a deficiency has been assessed under subdivision (d) of section 308, the executor, within 30 days after notice and demand from the collector for the payment thereof, may file with the collector a claim for the abatement of such deficiency, or any part thereof, or of any interest or additional amounts assessed in connection therewith, or of any part of any such interest or additional amounts. If such claim is accompanied by a bond, in such amount, not exceeding double the amount of the claim, and with such sureties as the collector deems necessary, conditioned upon the payment of so much of the amount of the claim as is not abated, together with interest thereon as provided in subdivision (c) of this section, then upon the filing of such claim and bond, the collection of so much of the amount assessed as is covered by such claim and bond shall be stayed pending the final disposition of the claim.

(b) When a claim is filed and accepted by the collector he shall transmit the claim immediately to the commissioner, who shall by registered mail notify the executor of his decision on the claim. The executor may within 60 days after such notice is mailed file a petition with the Board of Tax Appeals. In cases where collection has been stayed by the filing of a bond, then if the claim is denied in whole or in part by the commissioner (or, if a petition has been filed with the board, if such claim is denied in whole or in part by a decision of the board which has become final), the amount, the claim for which is denied, shall be collected as part of the tax upon notice and demand from the collector, and the amount, the claim for which is allowed, shall be abated. In cases where collection has not been stayed by the filing of a bond, then if the claim is allowed in whole or in part by the commissioner (or, if a petition has been filed with the board, if such claim is allowed in whole or in part by a decision of the board which has become final), the amount so allowed shall be credited or refunded as provided in section 281, or, if collection has not been made, shall be abated.

(c) In cases where collection has been stayed by the filing of a bond, then if the claim in abatement is denied in whole or in part, there shall be collected, at the same time as the part of the claim denied, and as a part of the tax, interest at the rate of 6 per cent per annum upon the amount of the claim denied, from the date of notice and demand from the collector under subdivision (d) of section 308 to the date of the notice and demand under subdivision (b) of this section. If the amount included in the notice and demand from the collector under subdivision (b) of this section is not paid in full within 30 days after such notice and demand, then there shall be collected, as part of the tax, interest upon the unpaid amount at the rate of 1 per cent a month from the date of such notice and demand until it is paid.

(d) Except as provided in this section, no claim in abatement shall be filed in respect of any assessment made after the enactment of this act in respect of any estate tax.

SEC. 313. (a) The collector shall grant to the person paying the tax duplicate receipts, either of which shall be sufficient evidence of such payment, and shall entitle the executor to be credited and allowed the amount thereof by any court having jurisdiction to audit or settle his accounts.

(b) If the executor makes written application to the commissioner for determination of the amount of the tax and discharge from personal liability therefor, the commissioner (as soon as possible, and in any event within one year after the making of such application, or, if the application is made before the return is filed, then within one year after the return is filed, but not after the expiration of the period prescribed for the assessment of the tax in section 310) shall notify the executor of the amount of the tax. The executor, upon payment of the amount of which he is notified, shall be discharged from personal libility for any deficiency in tax thereafter found to be due and shall be entitled to a receipt or writing showing such discharge.

(c) The provisions of subdivision (b) shall not operate as a release of any part of the gross estate from the lien for any deficiency that may thereafter be determined to be due, unless the title to such part of the gross estate has passed to a bona fide purchaser for value, in which case such part shall not be subject to a lien or to any claim or demand for any such deficiency, but the lien shall attach to the consideration received from such purchaser by the heirs, legatees, devisees, or distributees.

SEC. 314 (a) If the tax herein imposed is not paid on or before the due date thereof the collector shall, upon instruction from the commissioner, proceed to collect the tax under the provisions of general law, or commence appropriate proceedings in any court of the United States having jurisdiction, in the name of the United States, to subject the property of the decedent to be sold under the judgment or decree of the court. From the proceeds of such sale the amount of the tax, together with the costs and expenses of every description to be allowed by the court, shall be first paid, and the balance shall be deposited according to the order of the court, to be paid under its direction to the person entitled thereto. This subdivision in so far as it applies to the collection of a deficiency shall be subject to the provisions of section 308.

(b) If the tax or any part thereof is paid by, or collected out of that part of the estate passing to or in the possession of, any person other than the executor in his capacity as such, such person shall be entitled to reimbursement out of any part of the estate still undistributed or by a just and equitable contribution by the persons whose interest in the estate of the decedent would have been reduced if the tax had been paid before the distribution of the estate or whose interest is subject to equal or prior liability for the payment of taxes, debts, or other charges against the estate, it being the purpose and intent of this title that so far as is practicable and unless otherwise directed by the will of the decedent the tax shall be paid out of the estate before its distribution. If any part of the gross estate consists of proceeds of policies of insurance upon the life of the decedent receivable by a beneficiary other than the executor, the executor shall be entitled to recover from such beneficiary such portion of the total tax paid as the proceeds, in excess of $40,000, of such policies bear to the net estate. If there is more than one such beneficiary the executor shall be entitled to recover from such beneficiaries in the same ratio.

SEC. 315 (a) Unless the tax is sooner paid in full, it shall be a lien for 10 years upon the gross estate of the decedent, except that such part of the gross estate as is used for the payment of charges against the estate and expenses of its administration, allowed by any court having jurisdiction thereof, shall be divested of such lien. If the commissioner is satisfied that the tax liability of an estate has been fully discharged or provided for, he may, under regulations prescribed by him with the approval of the Secretary, issue his certificate, releasing any or all property of such estate from the lien herein imposed.

(b) If (1) the decedent makes a transfer, by trust or otherwise, of any property in contemplation of or intended to take effect in possession or enjoyment at or after his death (except in the case of a bona fide sale for a fair consideration in money or money's worth) or (2) if insurance passes under a contract executed by the decedent in favor of a specific beneficiary, and if in either case the tax in respect thereto is not paid when due, then the transferee, trustee, or beneficiary shall be personally liable for such tax, and such property, to the extent of the decedent's interest therein at the time of such transfer, or to the extent of such beneficiary's interest under such contract of insurance, shall be subject to a like lien equal to the amount of such tax. Any part of such property sold by such transferee or trustee to a bona fide purchaser for a fair consideration in money or money's worth shall be divested of the lien, and a like lien shall then attach to all the property of such transferee or trustee, except any part sold to a bona fide purchaser for a fair consideration in money or money's worth.

SEC. 316. (a) If after the enactment of this act the commissioner determines that any assessment should be made in respect of any estate tax imposed by the revenue act of 1917, the revenue act of 1918, the revenue act of 1921, or the revenue act of 1924, or by any such act as amended, the commissioner shall notify the person liable for such tax by registered mail of the amount proposed to be assessed, which notification shall, for the purposes of this act, be considered a notification under subdivision (a) of section 308 of this act. In such cases the amount which should be assessed (whether as deficiency or additional tax or as interest, penalty, or other addition to the tax) shall be computed as if this act had not been enacted, but the amount so computed shall be assessed, collected, and paid in the same manner and subject to the same provisions and limitations (including the provisions in case of delinquency in payment after notice and demand and the provisions prohibiting claims and suits for refund) as in the case of the tax imposed by this title, except that the period of limitation prescribed in section 1109 of this act shall be applied in lieu of the period prescribed in subdivision (a) of section 310.

(b) If before the enactment of this act any person has appealed to the Board of Tax Appeals under subdivision (a) of section 308 of the revenue act of 1924 (if such appeal relates to a tax imposed by Title III of such act or to so much of an estate tax imposed by prior act as was not assessed before June 3, 1924), and the decision of the board was not made before the enactment of this act, the board shall have jurisdiction of the appeal. In all such cases the powers, duties, rights, and privileges of the commissioner and of the person who has brought the appeal and the jurisdiction of the board and of the courts shall be determined, and the computation of the tax shall be made, in the same manner as provided in subdivision (a) of this section, except that the person liable for the tax shall not be subject to the provisions of subdivision (a) of section 317.

(c) If before the enactment of this act the commissioner has mailed to any person a notice under subdivision (a) of section 308 of the revenue act of 1924 (whether in respect of a tax imposed by Title III of such act or in respect of so much of an estate tax imposed by prior act as was not assessed before June 3, 1924), and if the 60-day period referred to in such subdivision has not expired before the enactment of this act, such person may file a petition with the board in the same manner as if a notice of deficiency had been mailed after the enactment of this act in respect of a deficiency in a tax imposed by this title. In such cases the 60-day period referred to in subdivision (a) of section 308 of this act shall begin on the date of the enactment of this act, and the powers, duties, rights, and privileges of the commissioner and of the person who has filed the petition; and the jurisdiction of the board and of the courts shall, whether or not the petition is filed, be determined, and the computation of the tax shall be made, in the same manner as provided in subdivision (a) of this section.

(d) If any estate tax imposed by the revenue act of 1917, the revenue act of 1918, or the revenue act of 1921, or by any such act as amended, was assessed before June 3, 1924, but was not paid in full before the date of the enactment of this act, and if the commissioner, after the enactment of this act, finally determines the amount of the deficiency, he shall notify the person liable for such tax by registered mail of the amount proposed to be collected, which notification shall, for the purposes of this act, be considered a notification under subdivision (a) of section 308 of this act. In such case the amount to be collected (whether as deficiency or additional tax or as interest, penalty, or other additions to the tax) shall be computed as if this act had not been enacted, but the amount so computed shall be assessed, collected, and paid in the same manner and subject to the same provisions and limitations (including the provisions in cases of delinquency in payment after notice and demand, and the provisions relating to claims and suits for refund) as in the case of the tax imposed by this title, except as otherwise provided in subdivision (g) of this section, and except that the period of limitation prescribed in section 1109 of this act shall be applied in lieu of the period prescribed in subdivision (a) of section 310.

(e) If any estate tax imposed by the revenue act of 1917, the revenue act of 1918, or the revenue act of 1921, or by any such act as amended, was assessed before June 3, 1924, but was not paid in full before that date, and if the commissioner after June 2, 1924, but before the enactment of this act, finally determined the amount of the deficiency, and if the person liable for such tax appealed before the enactment of this act to the Board of Tax Appeals and the decision of the board was not made before the enactment of this act, the board shall have jurisdiction of the appeal. In all such cases the powers, duties, rights, and privileges of the commissioner and of the person who has brought the appeal, and the jurisdiction of the board and of the courts, shall be determined, and the computation of the tax shall be made, in the same manner as provided in subdivision (d) of this section, except that the person liable for the tax shall not be subject to the provisions of subdivision (a) of section 317.

(f) If any estate tax imposed by the revenue act of 1917, the revenue act of 1918, or the revenue act of 1921, or by any such act as amended, was assessed before June 3, 1924, but was not paid in full before the date of the enactment of this act, and if the commissioner after June 2, 1924, finally determined the amount of the deficiency, and notified the person liable for such tax to that effect less than 60 days prior to the enactment of this act, the person so notified may file a petition with the board in the same manner as if a notice of deficiency had been mailed after the enactment of this act in respect of a deficiency in a tax imposed by this title. In such cases the 60-day period referred to in subdivision (a) of section 308 of this act shall begin on the date of the enactment of this act, and, whether or not the petition is filed, the powers, duties, rights, and privileges of the commissioner and of the

person who is so notified, and the jurisdiction of the board and of the courts, shall be determined, and the computation of the tax be made, in the same manner as provided in subdivision (d) of this section.

(g) In cases within the scope of subdivision (d), (e), or (f), if the commissioner believes that the collection of the deficiency will be jeopardized by delay, he may, despite the provisions of subdivision (a) of section 308 of this act, instruct the collector to proceed to enforce the payment of the deficiency. Such action by the collector and the commissioner may be taken at any time prior to the decision of the board upon such deficiency even though the person liable for the tax has filed a petition with the board, or, in the case of any part of the deficiency allowed by the board, at any time before the expiration of 90 days after the decision of the board was rendered, but not after the person liable for the tax has filed a review bond under section 912 of the revenue act of 1924 as amended, and thereupon the jurisdiction of the board and the right of the taxpayer to appeal from the board shall cease. Upon payment of the deficiency in such case the person liable for the tax shall not be subject to the provisions of subdivision (a) of section 317.

SEC. 317. (a) If the commissioner has notified the executor of a deficiency or has made an assessment under subdivision (d) of section 308, the right of the executor to file a petition with the Board of Tax Appeals and to appeal from the decision of the board to the courts shall constitute his sole right to contest the amount of the tax, and, whether or not he files a petition with the board, no credit or refund in respect of such tax shall be made, and no suit for the recovery of any part of such tax shall be maintained in any court, except as provided in subdivision (b) of this section or in subdivision (b) of section 312 or in subdivision (b), (e), or (g) of section 316 of this act or in section 912 of the revenue act of 1924 as amended. This subdivision shall not apply in any case where the executor proves to the satisfaction of the commissioner or the court, as the case may be, that the notice under subdivision (a) of section 308 or subdivision (b) of section 312 was not received by him before the expiration of 45 days from the time such notice was mailed.

(b) If the Board of Tax Appeals finds that there is no deficiency and further finds that the executor has made an overpayment of tax, the board shall have jurisdiction to determine the amount of such overpayment, and such amount shall, when the decision of the board has become final, be credited or refunded to the executor as provided in section 3220 of the Revised Statutes, as amended. Such refund or credit shall be made either (1) if claim therefor was filed within the period of limitation provided for in section 3228 of the Revised Statutes, as amended, or (2) if the petition was filed with the board within four years after the tax was paid.

SEC. 318. (a) Whoever knowingly makes any false statement in any notice or return required to be filed under this title shall be liable to a penalty of not exceeding $5,000 or imprisonment not exceeding one year, or both.

(b) Whoever fails to comply with any duty imposed upon him by section 304, or, having in his possession or control any record, file, or paper containing or supposed to contain any information concerning the estate of the decedent, or, having in his possession or control any property comprised in the gross estate of the decedent, fails to exhibit the same upon request to the commissioner or any collector or law officer of the United States or his duly authorized deputy or agent, who desires to examine the same in the performance of his duties under this title, shall be liable to a penalty of not exceeding $500, to be recovered, with costs of suit, in a civil action in the name of the United States.

SEC. 319. (a) The term "resident" as used in this title includes a citizen of the United States with respect to whose property any probate or administration proceedings are had in the United States Court for China. Where no part of the gross estate of such decedent is situated in the United States at the time of his death, the total amount of tax due under this title shall be paid to or collected by the clerk of such court, but where any part of the gross estate of such decedent is situated in the United States at the time of his death the tax due under this title shall be paid to or collected by the collector of the district in which is situated the part of the gross estate in the United States, or, if such part is situated in more than one district, then the collector of such district as may be designated by the commissioner.

(b) For the purpose of this section the clerk of the United States Court for China shall be a collector for the territorial jurisdiction of such court, and taxes shall be collected by and paid to him in the same manner and subject to the same provisions of law, including penalties, as the taxes collected by and paid to a collector in the United States.

And in lieu thereof to insert:

SEC. 300. (a) Section 301 of the revenue act of 1924 is amended to read as follows:

"SEC. 301. (a) In lieu of the tax imposed by Title IV of the revenue act of 1921, a tax equal to the sum of the following percentages of the value of the net estate (determined as provided in section 303) is hereby imposed upon the transfer of the net estate of every decedent dying after the enactment of this act, whether a resident or nonresident of the United States:

"One per cent of the amount of the net estate not in excess of $50,000;

"Two per cent of the amount by which the net estate exceeds $50,000 and does not exceed $150,000;

"Three per cent of the amount by which the net estate exceeds $150,000 and does not exceed $250,000;

"Four per cent of the amount by which the net estate exceeds $250,000 and does not exceed $450,000;

"Six per cent of the amount by which the net estate exceeds $450,000 and does not exceed $750,000;

"Eight per cent of the amount by which the net estate exceeds $750,000 and does not exceed $1,000,000;

"Ten per cent of the amount by which the net estate exceeds $1,000,000 and does not exceed $1,500,000;

"Twelve per cent of the amount by which the net estate exceeds $1,500,000 and does not exceed $2,000,000;

"Fourteen per cent of the amount by which the net estate exceeds $2,000,000 and does not exceed $3,000,000;

"Sixteen per cent of the amount by which the net estate exceeds $3,000,000 and does not exceed $4,000,000;

"Eighteen per cent of the amount by which the net estate exceeds $4,000,000 and does not exceed $5,000,000;

"Twenty per cent of the amount by which the net estate exceeds $5,000,000 and does not exceed $8,000,000;

"Twenty-two per cent of the amount by which the net estate exceeds $8,000,000 and does not exceed $10,000,000; and

"Twenty-five per cent of the amount by which the net estate exceeds $10,000,000."

(b) Subdivision (a) of this section shall take effect as of June 2, 1924.

SEC. 301. (a) So much of paragraph (3) of subdivision (a) and of paragraph (3) of subdivision (b) of section 303 of the revenue act of 1924 as reads as follows: "If the tax imposed by section 301, or any estate, succession, legacy, or inheritance taxes, are, either by the terms of the will, by the law of the jurisdiction under which the estate is administered, or by the law of the jurisdiction imposing the particular tax, payable in whole or in part out of the bequests, legacies, or devises otherwise deductible under this paragraph, then the amount deductible under this paragraph shall be the amount of such bequests, legacies, or devises reduced by the amount of such taxes" is repealed.

(b) Subdivision (a) of this section shall take effect as of June 2, 1924.

SEC. 302. (a) Section 319 of the revenue act of 1924 is amended to read as follows:

"SEC. 319. For the calendar year 1924 and the calendar year 1925, a tax equal to the sum of the following is hereby imposed upon the transfer by a resident by gift during such calendar year of any property wherever situated, whether made directly or indirectly, and upon the transfer by a nonresident by gift during such calendar year of any property situated within the United States, whether made directly or indirectly:

"One per cent of the amount of the taxable gifts not in excess of $50,000;

"Two per cent of the amount by which the taxable gifts exceed $50,000 and do not exceed $150,000;

"Three per cent of the amount by which the taxable gifts exceed $150,000 and do not exceed $250,000;

"Four per cent of the amount by which the taxable gifts exceed $250,000 and do not exceed $450,000;

"Six per cent of the amount by which the taxable gifts exceed $450,000 and do not exceed $750,000;

"Eight per cent of the amount by which the taxable gifts exceed $750,000 and do not exceed $1,000,000;

"Ten per cent of the amount by which the taxable gifts exceed $1,000,000 and do not exceed $1,500,000;

"Twelve per cent of the amount by which the taxable gifts exceed $1,500,000 and do not exceed $2,000,000;

"Fourteen per cent of the amount by which the taxable gifts exceed $2,000,000 and do not exceed $3,000,000;

"Sixteen per cent of the amount by which the taxable gifts exceed $3,000,000 and do not exceed $4,000,000;

"Eighteen per cent of the amount by which the taxable gifts exceed $4,000,000 and do not exceed $5,000,000;

"Twenty per cent of the amount by which the taxable gifts exceed $5,000,000 and do not exceed $8,000,000;

"Twenty-two per cent of the amount by which the taxable gifts exceed $8,000,000 and do not exceed $10,000,000; and

"Twenty-five per cent of the amount by which the taxable gifts exceed $10,000,000."

(b) Subdivision (a) of this section shall take effect as of June 2, 1924.

SEC. 303. Any tax that has been paid under the provisions of Title III of the revenue act of 1924 prior to the enactment of this act in

excess of the tax imposed by such title as amended by this act shall be refunded without interest. Where the tax imposed by such title is less than the tax imposed by such title as amended by this act, the tax shall be computed without regard to the provisions of section 300 of this act.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

Mr. KING. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Edwards	King	Robinson, Ind.
Bayard	Ernst	La Follette	Sackett
Bingham	Fernald	Lenroot	Sheppard
Blease	Fess	McKellar	Shipstead
Borah	Fletcher	McKinley	Shortridge
Bratton	Frazier	McLean	Simmons
Brookhart	George	McNary	Smith
Broussard	Gerry	Metcalf	Smoot
Bruce	Gillett	Moses	Stanfield
Butler	Glass	Neely	Stephens
Cameron	Goff	Norbeck	Swanson
Capper	Hale	Norris	Trammell
Caraway	Harreld	Nye	Tyson
Copeland	Harris	Oddie	Wadsworth
Couzens	Harrison	Overman	Walsh
Curtis	Heflin	Pepper	Warren
Dale	Howell	Phipps	Watson
Deneen	Johnson	Pine	Weller
Dill	Jones, Wash.	Reed, Mo.	Williams
Edge	Kendrick	Reed, Pa.	Willis

Mr. OVERMAN. I desire to announce that the senior Senator from Iowa [Mr. CUMMINS] and the junior Senator from Colorado [Mr. MEANS] are engaged in the Committee on the Judiciary.

Mr. JONES of Washington. I was requested to announce that the Senator from Idaho [Mr. GOODING], the Senator from Louisiana [Mr. RANSDELL], and the Senator from Michigan [Mr. FERRIS] are engaged in committee work.

Mr. SHEPPARD. I desire to announce that my colleague, the junior Senator from Texas [Mr. MAYFIELD] is detained on account of illness. I will let this announcement stand for the day.

Mr. WALSH. I wish to announce that my colleague, the junior Senator from Montana [Mr. WHEELER], is absent to-day because of illness. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty Senators having answered to their names, a quorum is present.

THE COAL SITUATION

Mr. COPELAND. Mr. President, I feel like apologizing to the Senate for taking even five minutes of its time this morning. But I confess I hardly slept last night because I know so well what the sufferings are in a great city when the people are deprived of food or fuel. I do not know how Senators are impressed by the catastrophe in Pennsylvania, a poor woman dying without food, starved because from the soup kitchen, as the coroner said this morning, she could only get food enough to take care of her baby.

I am not going to make any speech. I am going to appeal to the Senate. In a moment I shall ask unanimous consent to vote, without debate, upon the resolution (S. Res. 134) requesting the President to invite the miners and the operators to the White House in order that he may impress upon them how important it is to settle the strike. I hope this morning that every Senator will be moved by the same impulse and will be willing to take a step which has in it the hope of an immediate adjustment of the situation.

So, Mr. President, I ask that Senate Resolution 134 be read from the desk, and I also ask unanimous consent that without debate the Senate vote upon the adoption of the resolution.

Mr. REED of Pennsylvania. Mr. President, may we first have the resolution read?

The VICE PRESIDENT. The resolution will be read.

The Chief Clerk read the resolution (S. Res. 134) submitted by Mr. COPELAND on the 3d instant, as follows:

Resolved, That the President be requested to invite to the White House the committee of operators and miners in order that he may urge upon them the national importance of an immediate settlement of the anthracite coal strike.

Mr. BORAH. Mr. President, I desire to ask the Senator from New York a question, and I ask it in all sincerity. This resolution has the appearance to a great many people of passing on to the Executive a task that will amount to nothing. It gives him no power; if it shall have any effect at all it will only have the effect of moral influence which might be exerted by the President. In other words, it does not confer any power upon the President to enforce anything or to conclude anything; it gives him no power other than that which he now has. So the resolution is nothing more really than advising the President to do what we think he ought to do and what undoubtedly the President thinks he ought not to do. To use the elegant phrase that was used here the other day, it is "passing the buck." Would not the Senator from New York be willing to modify the resolution so as to ask the operators and the miners to meet with a committee of the United States Senate to see if they could arrive at a conclusion looking to a settlement?

Mr. COPELAND. Mr. President, last night, after the Senate took a recess, I read all the coal bills which are pending in this Congress and which were introduced in the last one. One of the best bills, from my standpoint, is the bill which was introduced by the Senator from Idaho [Mr. BORAH] in the Sixty-eighth Congress. I am not sure whether he has presented it in the Sixty-ninth or not. Has the Senator done so?

Mr. BORAH. No; I have not. I will say, however, that with the exception of one problem which is involved in the bill the bill is redrafted for the purpose of reintroduction; but there is a legal proposition involved in the question as to the mining of coal as an intrastate matter, which it would be very difficult for the Federal Government to control. That has given me some difficulty, and that problem I am trying, in connection with other persons, to work out; but the bill is practically in such form that I expect to introduce it.

Mr. COPELAND. I am glad to hear what the Senator from Idaho has stated.

Mr. SHIPSTEAD. Mr. President, will the Senator from New York yield for a moment?

Mr. COPELAND. I will yield to the Senator from Minnesota in just a moment. I am glad to hear what the Senator from Idaho has had to say, because I can readily see that the problem which the Senator from Idaho has in his mind is the same hurdle that the Committee on Education and Labor will have to get over in dealing with the Robinson bill.

Now, I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, will the Senator from New York permit me a minute in which to make an observation in view of the statement which has been made by the Senator from Idaho?

Mr. COPELAND. I have not quite answered the question of the Senator from Idaho. I am not evading it; I am going to answer it; but first I am glad to hear from the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, the question has been raised in reference to the authority of the Executive. A number of years ago Congress started to delegate its power to the Executive. The constitutional prerogative of writing a tariff bill has been delegated to the Executive; the constitutional prerogative of the House of Representatives to write appropriation bills and tax bills has been usurped by or delegated to the Executive, so that now Congress is asked to sign upon the dotted line when the Secretary of the Treasury writes a tax bill.

The Coal Commission in its report on the coal industry has reported that the power to make railroad rates has had a great deal to do with the production of coal, and in the debate last week the information was brought out that the Interstate Commerce Commission has reduced railroad rates to nonunion mines in West Virginia and Kentucky and therefore has used the power of the Government to discriminate against union mines in Pennsylvania and Ohio.

As a result the mines of Ohio have been shut down all winter. That part of its power to make railroad rates Congress has delegated to a commission appointed by the Executive. In view of the fact that so many commissions and bureaus seem to be operating according to pressure brought to bear upon them by the Executive, I can not see that the resolution of the Senator from New York is so entirely inappropriate. It is almost presumptuous to ask Congress to do anything now, in view of the propaganda brought to bear and the attacks that have been made upon Congress from all parts of the country, evidently carried on for the purpose of further divesting Congress of its remaining function and power.

Mr. BORAH. Do I understand that the Senator from Minnesota is in favor of the program which he has been recounting?

Mr. SHIPSTEAD. Oh, no; but it is the only program we have; it is the only program that is considered to be orthodox. I am not advocating such a program, but it is the only program that we seem to have. It is the only program the Congress seems to have the energy to pursue.

Mr. BORAH. In other words, the Senator from Minnesota is not orthodox?

Mr. SHIPSTEAD. My orthodoxy is so old that people call it heresy. If I were orthodox in a modern sense I should not be making this speech and calling the attention of the orthodox Senators who object to the resolution of the Senator from New York to the fact that if they are to be consistent in their orthodoxy they ought to adopt the resolution. Modern orthodoxy makes a virtue of inconsistency.

Mr. COPELAND. Mr. President, in further reply to the Senator from Idaho, let me say that I do know what may be the feeling of some one else about this resolution; I only know that, so far as I am concerned, I am not desiring to "pass the buck." I do not think I ever do that, if I may say so to the Senator from Idaho.

Mr. REED of Missouri. Mr. President, I should like to ask the Senator a question. I should like to ask the Senator if he is willing to support an amendment to the antitrust act which will provide that a conspiracy to prevent others from laboring in interstate commerce shall come within the provisions of that act?

Mr. COPELAND. Is the Senator asking that question of the Senator from Idaho?

Mr. REED of Missouri. I am asking the Senator from New York.

Mr. COPELAND. I should be glad to give consideration to that question, I will say to the Senator from Missouri.

Mr. REED of Missouri. Well, that is the only remedy there is except the patent remedies that cure everything and never have cured anything.

Mr. COPELAND. Mr. President, in the practice of medicine it often happens that doctors do not know just what is the matter with a patient or what the exact remedy may be.

Mr. REED of Missouri. Then the patient dies.

Mr. COPELAND. Not always, but a doctor is never excused if he does not do what he can to give comfort to the patient and perhaps to prolong his life.

Mr. REED of Missouri. May I ask the Senator if it is in those circumstances where the doctor does not know what is the matter with the patient that he gives him what used to be called a "shotgun dose," composed of various kinds of medicine, in the hope that some one of them may hit the mark?

Mr. COPELAND. I knew a doctor one time——

Mr. REED of Missouri. Do not doctors do that regularly in their profession?

Mr. COPELAND. I knew a doctor one time who had a jug in his office, but for other reasons than the Senator from Missouri may think for the moment. Around a doctor's office are numerous bottles without labels, and whenever the doctor I have in mind had such a bottle he emptied the contents into the jug. Then when he had a patient and did not know what to do with him he gave him something out of the jug. I suppose that is what the Senator from Missouri has in mind.

Mr. REED of Missouri. If the Senator will pardon me, is not that exactly what he is doing with this resolution, putting it into the White House jug along with all the other remedies?

Mr. COPELAND. I do not think so. The reply that I want to make to the Senator from Idaho is the reply I am going to make also to the Senator from Missouri. Here is a situation where the strikers and operators are close together, as the Senator from Indiana [Mr. WATSON] brought out last night. All they need is a little impulse, a little stimulation, and as a result, in my opinion, there will be an end of the strike.

It is not in the sense of "passing the buck" or putting the President in an embarrassing position that I am advocating the resolution. If I were the President of the United States, I would not act without the encouragement of the Senate, in view of the relations which exist between the President and the Senate. The Senate, I think, I may say, or a majority of it, is critical of the President on every opportunity occasion offers. Out of this meeting which the resolution contemplates it might happen that the price of coal may be increased or wages may be increased or that the conference utterly fails. If the President, without the encouragement of the Senate, were to call the strikers and operators to the White House and any one of those things should happen, the Senate would be the very first to criticize him.

I want to prevent such a contingency; I want to anticipate it. Therefore it is my thought that the Senate should indicate its desire that the President should invite these people here, and then, whatever the results may be, the Senate must be satisfied. It is not with any desire at all to play politics or to pass responsibility to the President that I have made this suggestion.

Mr. REED of Pennsylvania. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. REED of Pennsylvania. Would the Senator be willing to accept an amendment to his resolution, to insert after the words "White House," in line 2, the words "at such time as he thinks best"?

Mr. COPELAND. At the time the President thinks best?

Mr. REED of Pennsylvania. That would mean at such time as the President thinks best.

Mr. COPELAND. Of course, I would accept that, because it is only right that we should be courteous to the President. We do not want to be peremptory, and of necessity he would have to invite them when he saw best, even if we should pass the resolution. So I will be very glad to accept such an amendment.

Mr. REED of Pennsylvania. Mr. President, if I may take about two minutes of the Senator's time, I should like to explain how this resolution strikes us in Pennsylvania. Obviously the President has no power to do anything. This is a mere appeal to him to make an appeal to somebody else; we give him no power and he has no power. He can not compel anything. At the same time, this resolution has been generally discussed, and the people who are in despair throughout the mining regions have come to think of it as some sort of a remedy for their difficulties which is being withheld from them. It is just exactly as if a cancer patient came to the office of the Senator from New York and said that he had been told by many of his friends that bread pills were fine for cancer, and the Senator from New York should say in all sincerity, "You must not delude yourself with that idea. It is a hollow sham; you must not attach any importance to it or put any faith in it." That is what the Senator would say, because the Senator's practice of medicine is highly ethical.

It seems to us—perhaps we are wrong—that this resolution is a bread pill for the disease that is eating out the vitals of northeastern Pennsylvania. It seems to us that it is pitiful that those people should think that the passage of this resolution is going to ameliorate their condition. It will not, and we can not say to them too often that they are placing false hopes on it; but I can not see that it is going to do any harm. It is not helpful to the President to tell him that there is a strike going on. Heaven knows he has known that, and he has been worrying about it just as much as we have; and if he had seen any likelihood of useful interposition, I am sure he would have done it long before we ever began to talk about the resolution.

Mr. BORAH. Mr. President——

Mr. REED of Pennsylvania. Just a moment, and then I will yield.

Last night in New York there was a mass meeting of people who wanted to get this strike settled—people who use coal and people who are interested in the plight of the miners. They were addressed by a representative of the operators, who said that the operators would abide by anything that the President said was fair; that if President Coolidge would interpose in this matter they would submit the whole thing to him and do whatever he said was fair, or that they would let him appoint an arbitrator and they would do whatever that arbitrator said. The spokesman of the miners, if I am correctly advised, got up and replied to that, that the miners would not abide by what the President might decree or what the President's arbitrator might decree. What kind of a prospect is that for President Coolidge to face?

Mr. COPELAND. Mr. President, the Senator must not take too seriously what a speaker says in a Cooper Union meeting.

Mr. REED of Pennsylvania. I do not; but, while I may be wrongly informed, I have heard similar expressions from the same sources before. The President has not any reason to believe that his interposition will be successful, and to pass this resolution is just to hold out false hopes to these people, who, as the Senator has correctly said, are in desperate straits.

I do not believe that any of us understand how acute is the suffering up there in the anthracite regions. They have not done a tap of work since the 1st of September. I heard of one shop in a mining town that employs 12 clerks, and its total receipts last Saturday was $8. That is the way it has struck. Every business—not only mining, but every business of that community—is prostrate, and the suffering is simply terrific.

Do not let us hold this out to those people as a panacea. Let us pass it if you wish. I am not going to object to it any more, because it looks as though I were denying them that bread pill.

Mr. BORAH. Mr. President, I want to say just a word. If we pass this resolution, we are simply passing on to the President the request to do a wholly fruitless thing.

Mr. REED of Pennsylvania. Precisely.

Mr. BORAH. Mr. President, that does not seem to me quite the courageous thing for the Senate of the United States to do. The President of the United States must meet then what our

courage is not sufficient to undertake. In other words, we are no longer willing to stand out and say that this amounts to nothing, so we will pass it up to the President, and the President must say, "This which I have been requested to do amounts to nothing, and I will do nothing about it." That is not the courageous thing to do. We demand that he take this matter off our hands. That seems to me an unworthy thing to do.

Mr. COPELAND. What would the Senator do?

Mr. BORAH. If there is nothing to do about this thing, except to call these people down here and talk to them and morally urge them to do this and that, let a committee of the Senate meet these people, as we are asking the President to meet them, and see whether or not we can effectuate anything. What is the difference between our meeting them and the President meeting them? One has just as much power as the other; and, if it is a mere matter of moral influence, let us exert our moral influence to see whether or not we can bring about that which we know the President can not bring about. In fact, here to this body, as a branch of the lawmaking body, they should come, for I venture the opinion that we will have to legislate before we get relief.

Mr. REED of Pennsylvania. The Senator from Idaho is exactly right, Mr. President; but we have been spending a very large part of every day in the discussion of this resolution, and other important things have been postponed while we thrash this over. The motion to take up this resolution has almost been carried. It has been shown that a majority of the Senate favor the resolution. Let us get rid of it, and we will see how it works.

Mr. KING. Mr. President, will the Senator from New York yield to me to ask a question of the Senator from Pennsylvania?

Mr. COPELAND. I yield.

Mr. HEFLIN. Mr. President, let us vote on the resolution and get it out of the way.

The VICE PRESIDENT. The Senator from New York has yielded to the Senator from Utah.

Mr. KING. I should like to ask the Senator from Pennsylvania why the miners in Pennsylvania do not go to work. I am told by many that there are no obstacles to the resuming work under conditions more favorable than those which prevailed when they ceased work; that no opposition is made by the mine owners to their resumption of work. I am also told that the miners will prevent anybody else working who might desire to work, and that they have been so powerful as to secure the passage of an act in Pennsylvania by which no one may work unless he practically has the indorsement of the miners' union. What are the facts? Are there obstacles to their resumption of work if they desire?

Mr. REED of Pennsylvania. Mr. President, there is a law in Pennsylvania called the miners' certificate law, which requires two years' experience in anthracite mining before one can be certified as a qualified miner. As the entire population of the mines is unionized, and as they are all out on strike now, obviously there is nobody who can qualify for a miner's certificate, so that the law prevents the introduction of miners from bituminous districts.

The Senator asks me what the position of the miners is. I am not competent nor am I authorized to present their side of the case nor the operators' side. They have quit work, and they had a perfect right to quit work; and they are holding out with great fortitude for what they think is right, and they have a perfect right to hold out; and the mine operators have an equal right to refuse it. I am not qualified, because I do not know the facts well enough, to say who is right and who is wrong; but it is the ordinary case of an industrial dispute. Each of them is exactly within his rights; both of them have been entirely law-abiding, as far as I know, and they have stood rigidly for what is their right; and because they have shown such fortitude the conditions have reached the present pass.

Mr. COPELAND. Mr. President, it would be presumption on my part to suggest to the Senator from Idaho that his plan is not as good as mine, because he has had so much more experience in these matters; but it seems to me that after we pass this resolution the Congress will have plenty to do. There is pending before the Committee on Education and Labor the bill introduced by the Senator from Arkansas [Mr. ROBINSON]; there is pending before the Committee on Mines and Mining the bill introduced by the Senator from Nevada [Mr. ODDIE]—bills which deal with the chronic condition and seek to make impossible a recurrence of the present acute situation.

Mr. SIMMONS. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from North Carolina?

Mr. COPELAND. I yield.

Mr. SIMMONS. I want to say to the Senator from New York that it is suggested that what he is proposing to ask the Senate to do is a futile thing, a vain and hopeless thing. If I thought that, Mr. President, I would not vote for the Senator's resolution; but I do not think that statement is correct.

The Senator from Idaho [Mr. BORAH] admits that the President might exert a powerful moral influence which would have its effect upon this situation. I know that the President has no legal power to enforce his advice; but I think that the respect of the people of the country for the presidental office and for the present occupant of that office is so great that if he should bring to bear upon this very difficult situation the influence of his advice and of his office, it probably would accomplish very material and very substantial results. At least, Mr. President, that I think is the opinion of the country. I believe that there is a strong public opinion in the United States to-day that if the President should intervene and use the influence and authority of his office in the way of advice and persuasion his efforts would be effective.

I have heard the opinion expressed repeatedly by men of very large experience and observation that if the President would make his position very clear to these contending factions it would produce results. I believe it would produce results. Of course, nobody can say with any degree of certainty whether it will or not; but I should think the President would be glad to contribute his aid as far as he possibly can to the settlement of a dispute that is causing such disastrous consequences.

We are not telling the President that he shall do this thing. We have no authority to do that. We are simply expressing the opinion of the Senate of the United States that the President should use his good offices in trying to settle this dispute. The fact that the Senate of the United States makes this request of the President will carry weight in this country. It will help to crystallize public sentiment. It is bound to have its effect upon the contending parties in this controversy. We not only bring to bear upon this situation the advice and influence of the Senate, but we bring to bear upon it the weight of the opinion of the Congress of the United States.

Mr. BORAH. Mr. President——

Mr. COPELAND. I yield to the Senator.

Mr. BORAH. Does the Senator see any possible way to adjust this coal strike except through an increase of wages?

Mr. SIMMONS. Mr. President, I do not know how it can be adjusted; but if the Senate of the United States asks the President to do these things, thereby expressing its opinion that some effort on his part ought to be made, and the President acts upon that request, I hope and believe that it will have a very material influence in bringing about an adjustment.

Mr. COPELAND. Mr. President, I am sure nothing can be added to what the Senator from North Carolina has said; and, Mr. President, accepting gladly the amendment offered by the Senator from Pennsylvania, I ask for the immediate consideration of this resolution, modified so as to read as follows:

That the President be requested to invite to the White House, at such time as he thinks best, the committee of operators and miners, in order that he may urge upon them the national importance of an immediate settlement of the anthracite-coal strike.

The VICE PRESIDENT. Is there objection to the immediate consideration of the resolution?

Mr. HEFLIN. Mr. President, I want to suggest to the Senator from New York and other Senators that if they will permit the President to put the question, I think the Senate will grant it, and then we can go along with the tax bill.

Mr. SMOOT. I want it distinctly understood that it will not lead to any debate.

Mr. COPELAND. If it is possible to link the two together, I ask unanimous consent that an immediate vote be taken upon this resolution, without debate.

Mr. SMOOT. If there is no objection to that, then I shall ask unanimous consent that we temporarily lay aside the tax bill.

Mr. ASHURST. For a vote.

Mr. SMOOT. Yes, for a vote.

The VICE PRESIDENT. Is there objection to laying aside the tax bill? The Chair hears none, and the tax bill will be temporarily laid aside.

The question now is on agreeing to the resolution offered by the Senator from New York.

Mr. COPELAND. As modified.

The VICE PRESIDENT. As modified in accordance with the suggestion of the Senator from Pennsylvania.

Mr. BORAH. As I understand, the resolution now is that the President be requested to invite these people whenever he sees fit to invite them?

Mr. HEFLIN. Yes.

Mr. BORAH. That is a very dignified and a very courageous thing to do!

Mr. EDGE. In other words, we have made the resolution more ridiculous and weaker than ever.

The VICE PRESIDENT. The question is on agreeing to the resolution as modified.

Mr. COPELAND and Mr. BORAH asked for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. I am not advised as to how he would vote on this resolution, and in his absence I withhold my vote. If privileged to vote, I would vote "yea."

The roll call was concluded.

Mr. JONES of Washington. I desire to announce that the Senator from Oregon [Mr. MCNARY] and the Senator from Idaho [Mr. GOODING] are detained in attendance on a meeting of the Committee on Agriculture and Forestry.

I also desire to announce that the Senator from Minnesota [Mr. SCHALL] has a general pair with the Senator from Montana [Mr. WHEELER].

Mr. MEANS. I have a pair with the junior Senator from Texas [Mr. MAYFIELD]. Not knowing how that Senator would vote, I withhold my vote.

Mr. NEELY. I am authorized to state that if the junior Senator from Texas [Mr. MAYFIELD] were present he would vote "yea" on this question.

Mr. FERNALD. I transfer my pair with the senior Senator from New Mexico [Mr. JONES] to the senior Senator from Vermont [Mr. GREENE] and vote "nay."

Mr. SIMMONS (after having voted in the affirmative). I have a general pair with the senior Senator from Oklahoma [Mr. HARRELD]. I am told he has not voted, and I transfer that pair to the junior Senator from New Jersey [Mr. EDWARDS] and allow my vote to stand.

Mr. WALSH. My colleague [Mr. WHEELER] is absent on account of illness. If present, he would vote "yea."

The result was announced—yeas 55, nays 21, as follows:

YEAS—55

Ashurst	Curtis	La Follette	Robinson, Ind.
Bayard	Deneen	Lenroot	Sheppard
Bingham	Dill	McKellar	Shipstead
Blease	Ferris	McLean	Shortridge
Bratton	Frazier	Moses	Simmons
Brookhart	George	Neely	Smith
Broussard	Gerry	Norbeck	Stephens
Bruce	Hale	Norris	Swanson
Butler	Harris	Nye	Trammell
Cameron	Harrison	Oddie	Tyson
Capper	Heflin	Overman	Walsh
Caraway	Howell	Pepper	Weller
Copeland	Johnson	Ransdell	Willis
Cummins	Kendrick	Reed, Pa.	

NAYS—21

Borah	Fess	McKinley	Wadsworth
Couzens	Gillett	Metcalf	Warren
Dale	Glass	Phipps	Williams
Edge	Goff	Pine	
Ernst	Jones, Wash.	Sackett	
Fernald	King	Smoot	

NOT VOTING—20

du Pont	Harreld	Mayfield	Schall
Edwards	Jones, N. Mex.	Means	Stanfield
Fletcher	Keyes	Pittman	Underwood
Gooding	McMaster	Reed, Mo.	Watson
Greene	McNary	Robinson, Ark.	Wheeler

So Mr. COPELAND's resolution as modified was agreed to.

UNITED STATES INDUSTRIAL REFORMATORY, CHILLICOTHE, OHIO (S. DOC. NO. 57)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, with an accompanying letter from the Director of the Bureau of the Budget, transmitting a supplemental estimate of appropriation, under the Department of Justice, fiscal year 1926, required for the United States Industrial Reformatory at Chillicothe, Ohio, amounting to $37,500, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

PAY OF SPECIAL ASSISTANT ATTORNEYS, UNITED STATES COURTS (S. DOC. NO. 58)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, with an accompanying letter from the Director of the Bureau of the Budget, transmitting a supplemental estimate of appropriation, under the Department of Justice, for pay of special assistant attorneys of the United States courts, amounting to $46,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

FIRES AND FLOODS IN NATIONAL PARKS (S. DOC. NO. 59)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, with an accompanying letter from the Director of the Bureau of the Budget, transmitting a supplemental estimate of appropriation, under the Department of the Interior, for emergency reconstruction and fighting forest fires in national parks, 1926, amounting to $40,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SALARIES AND EXPENSES, BUREAU OF EFFICIENCY (S. DOC. NO. 56)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, with an accompanying letter from the Director of the Bureau of the Budget, transmitting a supplemental estimate of appropriation for salaries and expenses, Bureau of Efficiency, fiscal year 1926, amounting to $25,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

GENERAL EXPENSES, WEATHER BUREAU AND FOREST SERVICE (S. DOC. NO. 60)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, with an accompanying letter from the Director of the Bureau of the Budget, transmitting supplemental estimates of appropriations under the Department of Agriculture for general expenses of the Weather Bureau, 1926 (forest fire weather forecasts), amounting to $2,500, and for general expenses, Weather Bureau, 1927, (forest fire weather forecasts), amounting to $15,000, and for general expenses of the Forest Service, 1926, amounting to $800,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 3807. An act granting relief to the Metropolitan police and to the officers and members of the fire department of the District of Columbia;

H. R. 5010. An act to provide for the payment of the retired members of the police and fire departments of the District of Columbia the balance of retirement pay past due to them but unpaid from January 1, 1911, to July 30, 1915;

H. R. 7669. An act to provide home care for dependent children; and

H. R. 8830. An act amending the act entitled "An act providing for a comprehensive development of the park and playground system of the National Capital," approved June 6, 1924.

ENROLLED BILLS SIGNED

The message also announced that the Speaker of the House had affixed his signature to the following enrolled bills, and they were thereupon signed by the Vice President:

H. R. 5240. An act to authorize the construction of a bridge across Fox River, in Dundee Township, Kane County, Ill.;

H. R. 6090. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of McHenry, State of Illinois, in section 18, township 43 north, range 9 east of the third principal meridian; and

H. R. 7187. An act granting the consent of Congress to the South Park commissioners and the commissioners of Lincoln Park, separately or jointly, their successors and assigns, to construct, maintain, and operate a bridge across that portion of Lake Michigan lying opposite the entrance to Chicago River, Ill.

PETITIONS AND MEMORIALS

Mr. WILLIS presented resolutions adopted by the Brotherhood of Railroad Trainmen, of Canton, Ohio, protesting against the passage of legislation amending the employers' liability act of 1908, which were referred to the Committee on the Judiciary.

He also presented a memorial signed by Carl Raid, Prof. P. A. Fant, Jos. Muzslay, Anton Lewandowski, Frank Svoboda, being the resolutions committee representing the foreign-language newspapers of the city of Cleveland, Ohio, remonstrating against the passage of the so-called Aswell bill (H. R.

5583) providing for the registration of aliens, which was referred to the Committee on Immigration.

Mr. NEELY. I present a memorial of the Rotary Club, of Fairmont, W. Va., remonstrating against the passage of the bill (H. R. 4478) to regulate the manufacture, printing, and sale of envelopes with postage stamps embossed thereon. I ask that the memorial be referred to the Committee on Post Offices and Post Roads, and printed in the RECORD.

There being no objection, the memorial was referred to the Committee on Post Offices and Post Roads, and ordered to be printed in the RECORD, as follows:

FAIRMONT ROTARY CLUB,
Fairmont, W. Va., February 2, 1926.

Hon. M. M. NEELY,
437 Senate Office Building, Washington, D. C.

DEAR SIR: At a regular meeting of the Rotary Club, of Fairmont, W. Va., held on January 28, H. R. 4478, a bill to regulate the manufacture, printing, and sale of envelopes with postage stamps embossed thereon, was carefully considered by the members of this club, and, after full consideration thereof and discussion thereon, I was directed by unanimous vote of all of the members of the club present at that meeting to advise you that such members were unanimously opposed to this bill being enacted into a law, and that they request you to use your influence in defeating this measure. I do not consider it necessary to point out the pernicious features of this bill or the harm which would result to all of the business men of this country if the bill became a law.

Very respectfully, H. E. ENGLE,
Secretary of the Fairmont Rotary Club.

"*Resolved*, That the board of directors of the Business Men's Association of Fairmont approve the existing regulations in regard to the manufacture, printing, and sale of Government envelopes; and be it further

"*Resolved*, That to restrict or limit the present method of manufacture, printing, and sale of stamp-embossed envelopes by the Government would cause unnecessary inconvenience to large users of postage without material financial gain to the one industry most affected by the passage of such restrictions as embodied in House of Representatives bill No. 4478 now pending before the National Congress; and be it further

"*Resolved*, That the secretary of this association forward a copy of this resolution to our two United States Senators and our Representatives in the National Congress."

I, G. R. Parsons, hereby certify that I am secretary of the Business Men's Association of Fairmont, and that the foregoing is a true copy of a resolution passed by the board of directors of said association in regular meeting held on the 2d day of February, 1926.

G. R. PARSONS.

Mr. CAMERON presented the following resolutions of the fourteenth annual convention of the Arizona Good Roads Association, at Yuma, Ariz., which were referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

FOURTEENTH ANNUAL CONVENTION OF THE ARIZONA GOOD ROADS ASSOCIATION, YUMA, ARIZ., JANUARY 25–26, 1926

Resolution 2

To the Arizona Good Roads Association:

Your committee on resolutions recommends that this organization place itself unequivocably behind the Federal plan for good roads cooperation, and against the movement designed to withdraw Federal aid from the financing of roads in the Western States.

FOURTEENTH ANNUAL CONVENTION OF THE ARIZONA GOOD ROADS ASSOCIATION, YUMA, ARIZ., JANUARY 25–26, 1926

Resolution 5

Whereas the Grand Canyon of the Colorado River in Arizona is one of the great scenic wonders of the world and of the United States and has been a great national park; and

Whereas many thousands of visitors from all parts of the United States and of the world visit this great scenic wonder annually, and our Government is improving the roads within the park for the benefit of these visitors, but there is no improved road connecting the Grand Canyon National Park with the State highway system of Arizona; and

Whereas 98 per cent of the visitors to the Grand Canyon come from points without the State of Arizona; and

Whereas a survey has been made by the Bureau of Public Roads for an approved road to the Grand Canyon; and

Whereas any approach road to the Grand Canyon traverses forest or Government land from which the State of Arizona derives little or no revenue from taxation for the construction and maintenance of this road: Now therefore be it

Resolved by the Arizona Good Roads Association, That we urge and request our representatives in Congress to use their utmost endeavors to secure the necessary appropriation from our National Government to construct an approach road to the Grand Canyon and pledge our support to the measure.

Mr. CAMERON also presented resolutions of the fourteenth annual convention of the Arizona Good Roads Association, at Yuma, Ariz., which were referred to the Committee on Indian Affairs and ordered to be printed in the RECORD, as follows:

FOURTEENTH ANNUAL CONVENTION OF THE ARIZONA GOOD ROADS ASSOCIATION

YUMA, ARIZ., *January 25–26, 1926.*

Resolution 10

Whereas in the States of the Union known as the Rocky Mountain States land values are very low and in no wise comparable to land values in the middle and eastern States, and in said Rocky Mountain States distances between communities are very great and taxable property scarce; and

The people of the Rocky Mountain States have already expended more for good transcontinental roads than they are able financially to spend; and

It is necessary for the public convenience of the people of the Nation as a whole that good roads be maintained in said States, and in said States a great majority of the lands are still vacant public lands, Indian lands, forest reserves, and parks, all of which are nontaxable: Be it

Resolved, That it is the sense of the delegates to this convention that the Federal Government should build and maintain wholly at its own expense all public roads through Indian reservations, forest reserves, military reservations, and national parks or monuments in said States, and that said States be released from any expense in building or maintenance of public roads in such places.

That copies be sent to Congressmen, the Committee on Public Roads of the House of Representatives, to the United States Senate, and to the Department of Agriculture, and to good roads associations in the other States concerned.

FOURTEENTH ANNUAL CONVENTION OF THE ARIZONA GOOD ROADS ASSOCIATION, YUMA, ARIZ., JANUARY 25–26, 1926

Resolution 6

Whereas Congress made an appropriation of $100,000 to construct a highway bridge across the Colorado River near Lee's ferry, contingent upon the State of Arizona making an equal appropriation, but our State legislature has failed to make the necessary appropriation to match this fund, and

Whereas the construction of the bridge is of vital and paramount importance to the State of Arizona in developing a north and south highway connecting our State highway system with the State highway system of Utah and that section of Arizona lying north of the Grand Canyon: Now therefore be it

Resolved, That this Arizona Good Roads Association hereby indorses this construction of this bridge as absolutely necessary for the proper development of the resources of Arizona and the promotion of trade and travel between the States of Utah and Arizona, and urge that our State legislature make the appropriation necessary to provide the construction of this bridge at the earliest possible date.

REPORT OF BANKING AND CURRENCY COMMITTEE

Mr. McLEAN, from the Committee on Banking and Currency, to which was referred the bill (S. 1544) to amend section 202 of the act of Congress approved March 4, 1923, known as the agricultural credits act of 1923, reported it without amendment and submitted a report (No. 155) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON:

A bill (S. 3050) for the erection of a public building at the city of Placerville, State of California, and appropriating money therefor; to the Committee on Public Buildings and Grounds.

A bill (S. 3051) authorizing any tribe or band of Indians of California to submit claims to the Court of Claims; to the Committee on Indian Affairs.

A bill (S. 3052) to amend an act entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes," approved June 30, 1906, as amended; to the Committee on Agriculture and Forestry.

By Mr. CAPPER:

A bill (S. 3053) to amend sections 5, 6, and 7 of the act of Congress making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal

year ending June 30, 1903, approved July 1, 1902, and for other purposes; to the Committee on the District of Columbia.

By Mr. MEANS:

A bill (S. 3054) for the relief of S. Livingston & Son and others; and

A bill (S. 3055) for the relief of Lawford & McKim, general agents, for the Employers' Liability Assurance Corporation (Ltd.), of London, England; to the Committee on Claims.

By Mr. DENEEN:

A bill (S. 3056) authorizing the President to appoint James B. Dickson a second lieutenant of the Air Service in the Regular Army of the United States; to the Committee on Military Affairs.

By Mr. NEELY:

A bill (S. 3057) providing for the erection of a public building at Philippi, W. Va.; to the Committee on Public Buildings and Grounds.

A bill (S. 3058) granting a pension to Santford M. Nestor;

A bill (S. 3059) granting an increase of pension to Peter Titchenell;

A bill (S. 3060) granting an increase of pension to Mary C. Herrington; and

A bill (S. 3061) granting an increase of pension to Mary J. McBee; to the Committee on Pensions.

By Mr. WILLIS:

A bill (S. 3062) granting an increase of pension to Hetty Morey (with accompanying papers); to the Committee on Pensions.

By Mr. WATSON:

A bill (S. 3063) granting an increase of pension to Rose Dilley (with accompanying papers); to the Committee on Pensions.

A bill (S. 3064) for the relief of the Capital Paper Co.; to the Committee on Finance.

By Mr. SHEPPARD:

A bill (S. 3065) to provide for examination and survey of the Houston Ship Channel, with the view to its further improvement; to the Committee on Commerce.

By Mr. COPELAND:

A bill (S. 3066) restricting the issuance of passport visas in certain cases; to the Committee on Foreign Relations.

By Mr. CARAWAY:

A bill (S. 3067) for the relief of Rhetta H. Guild; to the Committee on Finance.

By Mr. McKINLEY:

A bill (S. 3068) authorizing the payment of $1,000 to William M. and J. S. Van Nortwick estates; to the Committee on Claims.

By Mr. DENEEN:

A joint resolution (S. J. Res. 53) authorizing and directing the Secretary of War to accept and install a tablet commemorating the designation of May 30 of each year as Memorial Day by General Order No. 11, issued by Gen. John A. Logan, as commander in chief of the Grand Army of the Republic; to the Committee on Military Affairs.

AMENDMENTS TO TAX REDUCTION BILL

Mr. NORRIS submitted an amendment intended to be proposed by him to House bill 1, the tax reduction bill, which was ordered to lie on the table and to be printed, as follows:

On page 43, after line 13, insert the following: "*Provided*, That the excess in value above $5,000 of any gift, bequest, or inheritance shall be considered and accounted for as gross income."

Mr. CARAWAY submitted an amendment intended to be proposed by him to House bill 1, the tax reduction bill, which was ordered to lie on the table and to be printed, as follows:

Page 334, after line 10, insert a new section, to read as follows:

"SEC. —. If any information relating to the liability of any taxpayer for any internal-revenue tax is obtained or received from any person other than the taxpayer and is considered by any officer, employee, or agent of the Treasury Department, or of any bureau or division thereof, in determining such liability, then the taxpayer shall, after due notice giving the nature of the information and the name and address of the person from whom such information was obtained or received, be afforded a reasonable opportunity to be heard in respect thereof."

AMENDMENT TO FIRST DEFICIENCY APPROPRIATION BILL

Mr. PEPPER submitted an amendment intended to be proposed by him to House bill 8722, the first deficiency appropriation bill, 1926, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 5, after line 14, insert the following:

"NATIONAL SESQUICENTENNIAL EXPOSITION

"To enable the Government of the United States to make an exhibit at the Sesquicentennial Exposition, to be held in the city of Philadelphia, Pa., in the year 1926, from its executive departments, independent offices, and establishments, including personal services, cost of transportation, rent, construction of buildings, traveling expenses, and for such other purposes as may be deemed necessary by the National Sesquicentennial Exhibition Commission to commemorate the one hundred and fiftieth anniversary of the birth of the Nation, $3,186,500, of which not more than $250,000 shall be allocated to the War Department, and not more than $350,000 to the Navy Department, of which latter sum $250,000 shall be used for making repairs and improvements at the Philadelphia Navy Yard: *Provided*, That so much of the money herein appropriated as may be allocated for the construction of buildings shall be expended by the Sesquicentennial International Exposition upon written approval of the National Sesquicentennial Exhibition Commission, and that the residue of the moneys herein appropriated shall be expended by the National Sesquicentennial Exhibition Commission."

SARAH J. M'DONNELL

Mr. SWANSON submitted the following resolution (S. Res. 144), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the miscellaneous items of the contingent fund of the Senate, fiscal year 1925, to Sarah J. McDonnell, mother of Stella M. McDonnell, late an additional clerk in the office of Senator CLAUDE A. SWANSON, a sum equal to six months' salary at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

PRESIDENTIAL APPROVALS

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that on February 8, 1926, the President had approved and signed the following acts:

S. 1779. An act granting the consent of Congress to the States of Oregon and Idaho to construct, maintain, and operate a bridge and approaches across the Snake River at a point known as Ballards Landing;

S. 1810. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of La Salle, State of Illinois, in section 1, township 33 north, range 3 east of the third principal meridian; and

S. 1811. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of Kendall, State of Illinois, in section 32, township 37 north, range 7 east of the third principal meridian.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed a bill (H. R. 6556) for the establishment of artificial bathing pools or beaches in the District of Columbia, in which it requested the concurrence of the Senate.

HOUSE BILLS REFERRED

The following bills were severally read twice by title and referred to the Committee on the District of Columbia:

H. R. 3807. An act granting relief to the Metropolitan police and to the officers and members of the fire department of the District of Columbia;

H. R. 5010. An act to provide for the payment of the retired members of the police and fire departments of the District of Columbia the balance of retirement pay past due to them but unpaid from January 1, 1911, to July 30, 1915;

H. R. 6556. An act for the establishment of artificial bathing pools or beaches in the District of Columbia;

H. R. 7669. An act to provide home care for dependent children; and

H. R. 8830. An act amending the act entitled "An act providing for a comprehensive development of the park and playground system of the National Capital," approved June 6, 1924.

CONSUMERS' COOPERATION

Mr. BROOKHART. I ask unanimous consent to have printed in the RECORD the Cooperative News Service of the 1st instant.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

COOPERATIVE NEWS SERVICE,
Cleveland, Ohio, February 1, 1926.

CO-OP BEATS CHAIN STORE TO STANDSTILL

One of the standard reasons for the slow growth of consumers' cooperation in America has been the prevalence of chain stores. With

their purported savings to purchasers through the familiar economies of mass distribution, these chain stores have been held to be ruinous competitors to cooperative stores.

Now comes the Waugegan (Ill.) Cooperative Trading Co. and knocks that explanation into a cocked hat. This co-op has been "suffering" from chain-store competition for five years and is now doing the biggest business of its career, while the chain store languishes in anemia, To be specific, the Waukegan Cooperative has trebled its business since the chain-store competitor opened shop.

The key to this success has been simply that the cooperative store handles honest merchandise at reasonable prices with profits divided among its members, while chain stores are generally notorious for inferior food products, "come-on" bargains in a few commodities and prices which in the long run are high because of the poor quality of the goods.

Nevertheless, the chain-store policy evidently appeals to the gullibility of the American consumer. There is no other explanation for the tremendous profits these concerns distribute to their wealthy owners. The S. H. Kresge Co., which handles 10-cent stores in wholesale quantities, reported profits of $4,100,000 last year, a million increase over the previous year. Profits in 1925 after payment of preferred dividends, were equal to $33 a share on 120,000 shares of common stock of $100 par value. In 1924 it was "only" $25 a share.

CONDUCTORS SAVE $22.50 ON EACH WATCH

The joy in Christmas giving was considerably tarnished for one Cleveland woman the other day when she discovered that a railroad man's watch which she had bought for her husband for $67.50 could have been obtained from the cooperative mail-order house of the Order of Railroad Conductors for $45. The watch is a standard make with a regular sale price, but because the conductors' co-op doesn't have to pay high rents or indulge in the advertising extravagances of jewelry shops, it is able to save $22.50 for each member on watches alone.

The conductors are also effecting a saving on shoes of $2 a pair. For railroad men this is a big item, since the nature of their work makes heavy demands on shoe leather. Members who are buying conductors' shoes for all the masculine side of the family are actually saving enough to pay their annual dues to the brotherhood.

BUTTER AND EGGS MEN TO UNITE

America's biggest cooperative will be the Tri-State Cooperative Creamery Association, if merger plans of dairymen in Iowa, Minnesota, and Wisconsin are consummated this spring. The nucleus of the new co-op will be the Minnesota association whose famous trade-mark, "Land O' Lakes," has been made familiar to every householder in the country through page advertisements. The combined forces of 90,000 farmers in the three States, united to market the Northwest's butter crop, would do an annual business of $75,000,000. Such economies would result that the dairy industry would be lifted to new heights of prosperity and the farmer's return made comparable with that of industry.

The Minnesota association will move into a new Minneapolis plant costing $300,000 this month in order to handle rapidly expanding business.

Cooperation is a civilizing influence of the highest kind. (Bishop Lightfoot.)

The only check against the excesses of competition is cooperation. (Ernest Jones.)

Under cooperation, the temptation to dishonest practices is withdrawn. (Earl of Derby.)

TORY GOVERNOR KILLS CREDIT UNION BILL

Although the conservative Washington State Senate passed the credit union bill by a unanimous vote, while the House placed its O. K. on the measure by a vote of 81 to 13, Gov. Roland Hartley used his veto power to kill this fundamental piece of farm-labor legislation. Even supporters of the governor, thoroughly aware of his reactionary political views gained through virtue of his position of lumber magnate, did not expect that the credit union bill, after obtaining unanimous approval in the senate, would fall under Hartley's disapproval. The credit union bill was in good company, however, as bills providing for old-age pensions, for vocational rehabilitation of cripples, and for pensioning aged municipal employees also suffered under the governor's veto ax.

The Washington Federation of Labor, which vigorously backed the credit union measure, through its president, William M. Short, will continue the fight for this cooperative legislation, as well as for other farm and labor measures, in the next session of the legislature.

GIANT POWER CO-OP FORMED

While America is merely talking about the public control of the giant power of electricity, French cooperators are making it a reality. A nonprofit cooperative society, composed of consumers, the state, provinces, and cities, the chambers of commerce, and the industries, has been formed to harness the river Rhone. Dividends are to be strictly limited and control will be vested in the hands of power users, who are also the shareholders. The scheme will take 15 years for development.

Similar organizations are working potash mines in Alsace and synthetic ammonia manufacturing in Toulouse. Financing and control are in consumers' hands, no profits are allowed, and interest on capital is strictly held to the current minimum rate.

EGGS SOLD DIRECTLY TO CONSUMER

Consumers who tire of being robbed by storekeepers foisting undersized eggs at oversized prices are finding relief in New England by patronizing a consumer's cooperative. The Maine Poultry Producers' Association, which sold 500,000 dozen eggs last year for its members, instituted the new idea in direct marketing by establishing egg routes in Portland, Me.; Portsmouth, N. H.; and Lynn, Mass. These have proved so successful that the cooperative trade-mark of "Pine Tree" on eggs is now a guaranty of 24-ounce eggs. Smaller eggs are sold as "juniors" at a lower price. Both farmers and consumers are happy over this new marketing plan.

FRANKLIN DIRECTORS REELECTED

A dividend of 7 per cent was voted by the Franklin Cooperative Creamery Association of Minneapolis, Minn., at the seventh annual meeting held recently at its northside plant.

Sales for the year 1925 showed an increase of $231,699.11 over the year 1924. The cooperative is now operating 176 routes.

As a result of the election, the following directors were reelected: Harold I. Nordby, Carl N. Norlander, Anthony Rud, John A. Mattson, Joseph Flor, T. A. Eide, and John A. Mattson.

Reports showed the cooperative in a state of healthy progress. Sales increased from $844,063.39 in 1921, the first year that the Franklin was in operation, to $3,533,175.13 for the year 1925.

In addition to declaring the 7 per cent dividend, $20,000 in bonds were paid off and retired during the year and more than $30,000 placed in the reserve fund.

PAYMENTS BY WAR DEPARTMENT TO LEATHER MANUFACTURERS
(S. DOC. NO. 61)

Mr. WARREN. From the Committee on Appropriations I report back a communication from the Comptroller General of the United States with reference to payments made by the War Department to certain leather manufacturers, members of the National Saddlery Manufacturers' Association, in reimbursement of increase of wages paid to workmen when the contracts with those manufacturers did not provide therefor. This communication was sent to the Committee on Appropriations, and I ask that it may be printed and referred to the Committee on Claims.

The PRESIDING OFFICER (Mr. HEFLIN in the chair). Without objection, the communication will be printed and referred to the Committee on Claims.

COOPERATIVE MARKETING OF FARM PRODUCTS

Mr. HARRELD. Mr. President, I ask permission to have printed in the RECORD a speech delivered by Judge Robert W. Bingham, of Louisville, Ky., on cooperative farm legislation. It is a very fine speech, which he delivered a few days ago in Washington. I should like to have it printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The speech referred to is as follows:

SPEECH OF JUDGE BINGHAM

The most important thing that has happened in cooperative marketing during the past year has not happened inside of the cooperative movement itself. It has been the unreserved recognition of cooperative marketing by the President of the United States and the Secretary of Agriculture.

There has always been a sympathetic attitude by the President and his leading agriculture adviser; but until this year there never was a time when the cooperative movement, as such, was held out by the Government itself to the farmers as the single most important step to remedy the weaknesses in agriculture and to strengthen the chance for permanent prosperity.

A year ago we were fearful that the report of the President's conference would be enacted into law. We were afraid that Government regulation of cooperatives was about to come, and that the cooperative movement would become tepid and stale.

With regret—but nevertheless openly—we found ourselves in opposition to the attitude of the administration on some points. We expressed ourselves frankly and clearly, and with the aid of other important farm leaders we helped to persuade Congress that such legislation was unwise.

But we were not simply negative; we also stated that we believed that the administration could do something great and far-reaching for the farmer by placing itself squarely behind cooperative marketing and by giving real administrative support to the movement.

During this year the President came to know the cooperative movement and the cooperative leaders. His Secretary of Agriculture, himself a member of one of the wheat cooperative associations, not only understood commodity cooperative marketing but advocated it with engaging and convincing intelligence.

The administration, voicing itself through the head of the Government and his chief agricultural adviser, spoke eloquently in favor of the very program that had been worked out and advocated by this body.

Not only did they announce their faith and belief in cooperative marketing, not only did they urge universal support for cooperative marketing, but they discovered that the Department of Agriculture did not have enough men or other facilities with which to do sufficient work to provide adequate administrative support, and on their own initiative they recommended legislation which would establish a Bureau of Cooperative Marketing in the Department of Agriculture, so that the Secretary of Agriculture and specialists assigned to this bureau could help to guide and advise on all cooperative problems that may arise in America.

The President has courageously and effectively announced his approval and advocacy of cooperative marketing.

The leader of the cooperative movement in this country now sits in the White House, and we who have dreamed and hoped for this day—we must now follow that leader.

Everything that we asked for, everything that we hoped for, has now been given to us in the attitude of the President and his Secretary of Agriculture. We presented a program; we urged that program; and the President studied and listened—and now he has expressed that program more clearly, more definitely, and more forcibly than has ever been done by any Government official in this land.

We are the followers of the President and the supporters of the administration in its efforts to carry out the very program which this group presented a year ago.

That is the great thing that has happened during this year—a change in leadership from struggling group champions to the President of the United States.

(2) But the President by advocating our program has raised protests from other quarters.

Some organizations did not like to see the President stand on the foundation of commodity cooperative marketing. They construed his attitude as a recognition of this group as against other groups in the land. This is not necessary. The President is big enough to take the light from any source. We are honored in having carried to his hand this one clear torch of cooperation. We are not urging our policies as against other organizations. We do not infringe upon the spheres of interest of other groups. We simply urge what seems to be the necessary steps in the progress of cooperative marketing, and that policy we maintain in the face of the world.

But we do not ignore other things that may be said. Many sincere leaders are of the belief that our program is insufficient and that cooperative marketing does not offer an adequate solution to the problems of the farm.

These problems are many. In various sections land prices have been pyramided to an extent where fair return is almost impossible, where new farmers can not buy possession of land, and old ones can not maintain the basis of cost out of the products of the farm.

The burden of the farm mortgage is around $8,000,000,000, with a tremendous weight of interest on hundreds of thousands of farms in our land.

The tax problem is bitter. During good years the farmer generously voted on himself taxation for schools and other proper improvements. Even when prices collapse and farm prosperity dwindles, these costs still remain. The farmer pays a greater proportion of his income in taxes than any other group in America.

Practically all of his property is in sight. He can not hide it and he can not and would not cheat about it. Therefore he bears the burden of taxation on his land even when he has nothing but red letter returns on his crops.

On things like this there is very little that cooperative marketing can do in a direct way. We can not at this time judge what cooperative marketing can do over a long term of years on any of the great major crops. We have had laboratory experience in California. We have had wonderful experience in many European countries, such as Denmark. We have had an extraordinary demonstration of wheat cooperative marketing in Canada; we are still in the midst of extraordinary accomplishments in tobacco, cotton, butter, milk, and other commodities in our own country.

But what the movement is actually going to accomplish with the great national products we can not now speak with assurance.

We are just at the threshold of the real accomplishments of cooperative marketing. We have spent these years in working out the technique, in building the background of law, in finding out and announcing the economic principles, in developing methods of organization, in discovering managing personnel, in working out financing and marketing methods, in developing proper contacts between associations and members, in uncovering the weaknesses of old systems, the defects in our present system, and primarily the great need for education among farmers and others as to the principles of cooperative marketing.

We have done in the last five years more than was done by the corporate form of organization in the first 20 years in which corporations were first known.

And all that we have done has been done in the face of incredible opposition. We have not only had to educate our own farmers and to court the support of other farm leaders, but we have had to show bankers where they would fit in; we have had to satisfy the claims of lien holders; we have had to encounter open fight from all sorts of speculative interests; we have had to combat the inertia of our own farm classes; we have had to endure the weakness in performance of our own membership agreements.

It has been a tremendous fight all over the land. We have not always won; some of our fights have been lost. Cooperatives are failing and more will fail, but in their place new cooperatives will arise stronger for the experience of the old ones and more hopeful because of that ripened experience.

We are learning from our failures to make our new efforts promise great success.

But we can not do this work in a day. It is the work of years. The old system has been with us for generations and we can not change every detail of it in a decade.

Why, we have not even been able to tie our own farmers, universally speaking, to the need for cooperative marketing.

Until the voice of the President gave his invincible national leadership you know how many farm leaders were cold, if not actually antagonistic, to our movement.

We have had to work with too many things against us.

Look at the results with cotton. They have less than 8 per cent of the cotton crop of America in the cooperative associations. Yet even the brokers at New York publish openly that the cotton associations have favorably affected the price basis for the farmers of the South.

With that small percentage these associations have guaranteed to the farmers honest grading of their cotton; they have narrowed down the differentials between grades of cotton, and in this one point alone these cotton cooperatives have brought to the southern farmers tens of thousands of dollars of benefit each year.

Because the country buyer no longer dares to penalize poorer grades 5 and 7 cents a pound when the differential at the mill is only 1 cent per pound.

He knows that the cooperative managements will somehow disclose that fact to their members and that the member will somehow make it public for all growers.

So the country buyers do not dare to widen the differentials any longer against either the cooperatives or the noncooperatives.

That one accomplishment would have been sufficient to justify the entire cooperative movement in the South during the last five years.

But the cotton associations have done more than that. They have taught the farmers to avoid country damage. They have arranged new plans for financing, whereby the farmers can do orderly marketing on cotton on an interest of 4½ and 5 per cent as against the old basis of from 10 to 12 per cent.

They have done orderly marketing and have held the basic price to fair levels by their refusal to dump.

They have made direct contacts with spinners and spinner organizations all over the world. They have blazed out the path so that these coming years will know where to point.

The cotton cooperatives, with their small percentages, have demonstrated beyond any question, with one of the great world crops, spread through 17 States of the Union, that cooperation can solve the marketing problem and every collateral problem attached to it, including standardized seed, production credits, ginning, financing, and orderly selling of products.

What the effect of this movement will be on the South when the growers support it to the extent of 50 per cent of the cotton, as they ought to be doing now and as they will inevitably do, no one can foretell.

The support of the President and the wise handling of cooperative problems by the present organizations indicate that these cotton cooperatives will soon have the opportunity to demonstrate what can be accomplished by cooperation when the greater part of the crop moves through the cooperative and not through the speculative buyers.

This is already being demonstrated by the wheat growers of Canada and by the Burley tobacco growers in Kentucky.

To be sure I know of all the criticisms and complaints that have arisen among Burley tobacco growers. I know how they recite the benefits accruing to the outsider and tell how the nonmember gets as much money, if not more, and gets his money quickly and all at once, while the cooperator takes the average of the season, gets only an advance payment, waits long periods for the balance of the payments, and sometimes does not sell the entire crop, but has to bear the great carry-over.

But this does not deny accomplishment to the Burley Tobacco Association.

That association, with more than 60 per cent of the Burley tobacco of the country, has raised the price of tobacco to the growers of Burley tobacco at least 5 cents per pound during these last four years.

It has done this service for the outsider as well as for the insider, and shame on the outsider who takes the advantage of this extra price and uses it to help break down the cooperative! It is bad enough that he takes a gain at the risk and cost of the other fellow and a disgrace when he tries to justify his own disloyalty to his class by tearing down the one hopeful thing that these farmers have done for themselves in this generation.

But the cooperators must see this thing clearly. Some outsiders will always get a better price than the insiders.

The cooperatives get the average of the season. This average includes top prices as well as low prices, and these top prices can ultimately be equaled on some days on the auction floors.

The outsider who gets these top prices will beat the average of the cooperative, but neither he nor a cooperative would be getting within 5 cents of their present price if the cooperative were not in existence.

We must not let our members deny a good to themselves, because it likewise brings a good to some one else, even though he does not deserve it.

In every generation the good have carried the evil, the strong have carried the weak, and the fine spirited have carried the sordid.

In agriculture the cooperative carries the selfish farmer, and nothing on earth can change this situation except a change in the spirit of the selfish farmer.

But the accomplishment of the Burley Association is a monument to independent effort on the part of the American farmers.

It has a large carry-over. Even if that carry-over were never sold but were dumped into the seas still the returns to the Burley tobacco growers exceed by millions of dollars what they would have received without a cooperative association.

In the dark tobacco district, where the cooperative efforts have been somewhat paralyzed, even there the very existence of that cooperative advanced the price several cents per pound, and the withdrawal of the cooperative from active business has caused a collapse in the dark tobacco prices to a tragic extent, and now the outsiders themselves are demanding the reorganization of the cooperative and pledging unanimous support to it.

The cooperatives have performed; and they are reaching behind the products and finding how to rebuild the agricultural life of America.

But they have chiefly blazed out the way. They have not finished their performance; nor have they always had a chance to demonstrate even a possible part of their performance.

The wheat growers are asking the Government to form a corporation to handle the so-called exportable surplus; and they have been led to think that their low returns have been due to the absence of such a corporation.

They speak of inequalities against agriculture and they attack the protective tariff as the basis of that inequality; and they say that the tariff taxes all that they buy and that the tariff is an evil to them. They assert that the tariff is here and they must get its benefit; and they evolve a system under which they think the Government may control the exportable surplus and sell the domestic wheat or cotton or tobacco or livestock or cheese or butter in this country on a protected domestic basis and sell the balance on the low world-market basis, with an absorption of any loss by the growers of the product.

Why should the Government interfere? It is an old principle with us never to ask the Government to do anything which we can do ourselves. If we can not do it ourselves after an adequate chance to do so, then we can throw up our hands and call in Government help.

Have we reached that phase even with wheat?

Surely the tariff argument gives no basis for such a viewpoint. If the tariff is wrong you can not make it right by making it universal.

I have never wholly accepted the protective tariff; but I do not here speak as its advocate or its opponent. I speak as a citizen of the United States, as the chairman of this national council; and I speak in the spirit of the hundreds of thousands of farmers of various political parties whose indirect representative I am in everything that I utter here.

In addition to all this, there is a tariff on wheat—a big, heavy tariff, 42 cents per bushel. That tariff has its effects, because the Chicago price of wheat is now more than 15 cents per bushel higher than the price at Winnipeg, thus showing some effect from tariff protection.

But the wheat growers say this is not sufficient. They complain that they are not able to get all the good effects of the tariff, although they claim that business gets all the good effects of industrial tariffs.

Why is it that the United States Steel Corporation gets the benefit of the tariffs on steel while, the wheat growers claim that they receive no benefit from their tariff?

The difference is not in the tariff; the difference is in organization. The people interested in steel, several hundred thousands of them, are members of the steel corporations.

The wheat growers, several hundred thousands of them, are using their energy and talent in persuading politicians to pass laws instead of following the primary leadership of the wheat pools that have already started to work out a probable solution in States ranging from Texas to North Dakota.

If the exportable surplus is the thing that breaks the market on wheat, why is it that Canada, selling more than 300,000,000 bushels of wheat, about three-fourths of the crop in the world market, with no tariff to help her, with no Government surplus corporation to aid—but with a powerful cooperative marketing association built up under the brilliant leadership of men like Brownlee and McPhail, is able to give greater returns to their wheat growers of Canada than the wheat growers of our own great States like Kansas, Nebraska, and Minnesota?

The Canadians are organized; only a small part of our growers has learned organization. It is not the tariff which counts: it is organization which alone can enable the farmers of this country to get the benefit of their own good wheat, either in the face of a tariff or in the absence of a tariff.

The average farmer in Kansas sold his wheat this fall, and he did not take advantage of the fine marketing association that the far-visioned men of Kansas have built up for him. Less than 10 per cent of Kansas wheat goes through the cooperative pool. Yet the Kansas wheat grower, with the 42 cents per bushel protection, with a present price of about $1.75 at Chicago, will receive about 30 cents a bushel less for his wheat than the Canadian farmer, with a $1.60 price at Winnipeg.

Freight rates do not make any difference in this relative statement. Climate makes no difference. World markets made no difference. The tariff itself seems to be working the other way. The one difference is made by cooperative organization.

The Canadians looked over the line and saw what was being done by cooperation in America. They had courage enough and vision enough to organize on American lines for the handling of their great world product. They are solving their problem out of their own strength and their own courage, while we in America still falter before our own picked remedy. We kick it aside and run down to Washington to ask the "great father" to hold our little feet in the paths of prosperity.

I shall never favor the interference of Government in the marketing of farm crops until cooperative marketing has had a fair trial on a large scale and has proved a failure. Before I urge men to become peasant-minded, to ask some one else to work out for them what they can do for themselves, I must first exhaust every opportunity to keep them independent American farmers.

Why all the clamor from the corn States? Why, the Iowa farmers must know that we produce about 70 per cent of the corn, and we eat practically all of that, chiefly in the form of hogs and stock.

If the country exports 2 per cent of the corn crop, it is a huge export quantity.

Corn is essentially a domestic problem; and the corn production is so concentrated that it can be handled practically by the efforts of the farmers in five or six States. Yet some of their leaders clamor for an export corporation. They have been caught by words and phrases and not by thoughts and facts.

This surplus problem can not be written into legislation until we recognize what surplus means. Crop surpluses are inevitable in some line or another.

If ever a price gets good on any commodity, the farmers put all they can of their land into that commodity. They do not always follow intelligent instruction on production. They go after the high-price commodity, even though the price is now there and the crop may not come in for another year.

There is always bound to be surplus of some kind in some crops.

Grapes in California this year; corn generally; perhaps cotton; certainly certain types of tobacco.

Some of these crops are not actual surpluses but are simply carry-overs. Some of them are useless and must run to waste. Some surpluses are wholly imaginary.

We have been advised from Washington that our wheat supply this year is practically on a domestic basis, although in the fall when the farmers had the wheat they ignored the statements of governmental officials to that effect.

If there is a surplus, it may be exportable, and it may be non-exportable.

If it is wheat, it is likely to be exportable. If it is prunes, it is likely to be nonexportable.

It may be perishable, as the overproduction of tomatoes in Delaware and New Jersey in recent years; or it may be nonperishable, as the overproduction of cotton in the South this year.

We can not establish one rule of help for the growers of wheat and not establish the same rule of help for the growers of tomatoes or cotton.

If it is right to have the Government stand under the one, it is only right to have the Government stand under the other.

Who shall say where the Government shall stand?

And who shall say that the Government should stand at all under any crop, where the growers of that crop have not yet exhausted full

opportunities to handle their own business in their own way through their own wisdom?

The problem of surplus is a huge problem. Much has been said on it; much has been written on it. Men are following like sheep where a few bold voices are heard. They are listening to the "easy way out." They have forgotten that the only permanent relief is the system which comes from men themselves, is upheld by the constant activity of men themselves, and is maintained by the responsibility of the growers themselves.

If there needs to be a Federal method for handling the surplus, I shall favor it, just as I know the President and the Secretary of Agriculture would openly favor anything that they believed is absolutely needed for America.

Does all this mean that I ignore the problem of surpluses? No; I recognize the problem, but I am trying to find its solution in an intelligent, permanent way.

I refuse to believe that it is the surplus which causes all the trouble in American agriculture. I refuse to believe that it is the exportable surplus which breaks the wheat farmer, when I see that the same type of problem prevails with the crops that have only a domestic surplus and frequently with crops that have no surplus at all.

All I ask is a fair chance for the farmers' own initiative to be exhausted before we ask the Government to carry our burden

Even in the bill that the Secretary of Agriculture recommended to Congress, providing for the creation of a bureau of cooperative marketing, there is ample provision to enable him to call in from time to time men interested in a specific problem to help find the right way out of difficulties.

If that were enacted into law, the Secretary of Agriculture could call in all the men interested in the marketing of wheat or other crops and he could have them work out from time to time plans to solve any temporary or permanent difficulty in marketing, finance, or otherwise.

But he could thus enable them to do this as commodity commissions or commodity boards without the elements of price fixing by the Federal Government and without the elements of governmental control or Government operation of any major commercial activity in agriculture.

I am not able to see the need of a Federal method for handling the surplus as long as cooperative marketing has not been given its full fair chance.

If the growers of this land will try cooperative marketing on great national crops—try it with a full heart—try it with loyalty and with perseverance; and if the real farm leaders of the country will give more than lip support to cooperative marketing and will really advise their followers to direct their way behind the movement; and if the Government, under our President and Secretary of Agriculture, will continue to give administrative support, then I know that cooperative marketing will solve the problems of the farmers; will enable him to handle both his domestic sales and his foreign sales; and will enable him to adjust supply to demand without flying in the face of economic truths; will enable him to build up his own prosperity on his own efforts on a lasting and solid foundation.

I am confident this will be the result; but if I am proved wrong by the facts; if the actual results of such efforts do not meet my prophecy, then I shall be ready to go to the White House and say, "We have tried our own way; we have tried to work out our problems with the strength of our own arms, but we are weak and we are powerless, and we have failed. Come to our help! Take our business problems from us; give us returns; give us prices; give us money to buy our living and we no longer care for our spirit since our need for bread is so great."

I will go with such a message when cooperative marketing has been proven a failure, but not before.

Let us stand absolutely behind the President. He has trusted us. He has adopted our program. Our faith and honor are irrevocably committed to the program he adopted at our urgent suggestion.

Commodity cooperative marketing has proved that it will solve agricultural problems and difficulties, including surplus, so called, when operated intelligently and on a sufficiently large percentage of any given crop. The opportunity to adopt this method is within the reach of every farmer in this country.

His legal problems have been solved, his credit problems have been solved, his organizations have been justly and properly excepted from the inhibitions of the antitrust law, successful and unsuccessful experiences have developed to guide him, the bankers, the business men, the newspapers, the full support of the President and the Government of the United States are aiding him. Moreover, the wisest and most patriotic leaders of this country, through the institute of cooperation, with its admirable educational program, are giving him information and guidance. This council itself, through its system of schools, is giving him encouragement and enlightenment. The textbook committee, which includes in its membership some of the ablest and best informed of our countrymen, is preparing a textbook on marketing which will inform every child in the country upon this question, so vital to the stability of our institution and the prosperity of our country.

What more can be done, except to lend every effort to encourage the farmer to take advantage of his opportunity and help himself? There is nothing seductive or alluring about this program. It is far easier to tell, in honeyed tones, of some mysterious formula by which the Government will take over all the farmers' burdens, by which a Government bureau or commission will overcome drought and flood, hail and heat, laziness and ineptitude, and provide a profit for everything grown in this country, regardless of all other things and all other people. But the whole course of human history, the whole body of philosophy, establishes that there is no governmental substitute for knowledge, judgment, initiative, energy, persistence, patience.

I have gone into the struggle to better conditions under which the farmers must work and produce, because I believe the future of my country depends in a large degree upon the welfare of the American farmer. There is nothing but night and death before us if he, upon whom this hope is based, is not sound, intelligent, energetic, independent. I believe he is. I pin my faith to the American farmer. I believe he does not need and does not wish anything but a fair chance. That, I believe, he now has for the first time. When the ancient mariners strove against the perils of the sea, there were sirens who sang sweet songs of peace and ease to them, alluring and enchanting songs, and those who listened hearkened to the song of death.

Those who stopped their ears to the sirens' song and bent to their oars won through to safety. The farmer has been the backbone of America because he has been independent, because he has relied on himself. He has suffered but he has endured.

I would say to him now, keep that independence, rely on that judgment and initiative, take advantage of the finer opportunity which is now his; and thus, without risking the loss of spiritual values immeasurably precious, he will ultimately solve his own problems for himself.

TAX REDUCTION

Mr. SMOOT. I ask that the revenue bill, in accordance with the unanimous-consent agreement, be laid before the Senate, and that the amendment in Title III, relating to the estate tax, be considered.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee to "Title III—Estate tax," which has been read.

Mr. FLETCHER. Mr. President, the Senate now has under consideration the amendment appearing on page 170, in Title III, relating to the estate tax, to strike out all of the provisions of the bill as it came to the Senate down to line 2, page 208, and to insert, on page 208, line 3, down to and including line 3, on page 212.

The principal proposition is to strike out the provisions with reference to an estate tax, and to repeal the present estate tax law; so that if this amendment is agreed to, so far as the Federal Government is concerned, we will eliminate this entire field of estate taxes or death taxes.

Mr. SIMMONS. After January 1 of this year?

Mr. FLETCHER. Yes; after January of this year. Early in the session I proposed an amendment to this bill to that effect, and on January 5 I had occasion to discuss it at some length. I will not take up the time to-day reviewing all the points which might be made in support of this amendment, but I desire to call attention especially to just a few of the important reasons why this amendment ought to be agreed to in the Senate.

I am not combating the wisdom or the advisability of imposing death taxes. There are different views on that subject. Some arguments can be offered in favor of death taxes, and strong arguments can be offered in opposition to them.

I am not going into that discussion at all so far as the merits of imposing inheritance taxes are concerned. I am simply contending that it is a field of taxation which ought to be left entirely to the States and that the Federal Government ought not to attempt to impose death taxes of any kind, except in great emergency, like war, especially in the form of estate taxes. The act of 1924 and the provisions of this bill as it came to the Senate can not be defended or justified. I am contending that such a course, to wit, resorting to this source of revenue only in emergency and repealing such laws when the emergency is over, has been in accordance with the precedents of our Government and is consistent with the views which the Government has entertained for all the years. The fact remains that the Federal Government never has attempted to impose estate taxes except in cases of war or great emergency.

Mr. BORAH. Mr. President, may I ask the Senator a question?

Mr. FLETCHER. I yield.

Mr. BORAH. I understand the Senator is opposed to estate taxes, either State or national.

Mr. FLETCHER. I have just stated that I was not arguing the question or taking a position against estate taxes so far as the States are concerned. I am contending that it is a field that ought to be left to the States and that the Federal Government never has attempted to occupy that field except in case of war or approach of war.

Mr. BORAH. I read the Senator's argument the other day and heard part of it. As I understood his argument, he was opposed to the inheritance tax in principle, whether in the State or the National Government.

Mr. FLETCHER. I have not so stated. I am simply confining my discussion to the matter before us, which is a proposition for the Federal Government to levy an estate tax or, rather, to continue the estate tax.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. FLETCHER. I yield.

Mr. NORRIS. I think it would be illuminating to know, at least I know I should like to know, what the Senator's position is on the question of the States levying such a tax. I would like to know, if the Senator will tell us, whether he is opposed to the States levying an estate or death tax.

Mr. FLETCHER. I am perfectly willing to state my position in that regard.

Mr. NORRIS. I would be glad if the Senator would do so.

Mr. FLETCHER. I am very glad to do it. My contention is that it is a question of fact whether the State needs the revenue from that source or not. It depends upon the conditions in each State, the needs of each State. For instance, why insist that a State that has seven or eight millions of dollars in its treasury, with no bonded indebtedness whatever, impose an inheritance tax as a source of revenue? But a State where there is need of money for governmental purposes, which must be raised by taxation, where they must resort to all sorts of resources for collecting money, is justified in imposing an inheritance tax. I believe when it is found necessary to impose death taxes by the State the succession tax is the better form, rather than the estate tax, as we have it here.

Mr. NORRIS. I think I get the Senator's point, but if I do not I hope the Senator will correct me. The Senator is opposed to having the State levy that kind of tax unless it is a matter of emergency and they have to have the money?

Mr. FLETCHER. I do not say it must be a matter of emergency. I say if the conditions in the State justify taxing the people of the State in order to raise money for governmental purposes, this is a very good field for the State to occupy. I would be in favor of it under those circumstances. But then it should take the form of a succession tax rather than an estate tax.

Mr. CARAWAY. Mr. President, may I ask the Senator a question?

Mr. FLETCHER. I yield to the Senator from Arkansas

Mr. CARAWAY. That is a question for the State itself, though, is it not?

Mr. FLETCHER. Yes.

Mr. CARAWAY. What has the Congress to do with it whether the States shall levy an estate tax or not?

Mr. FLETCHER. It has nothing to do with it, and it has not any authority to dictate to the States in that regard.

Mr. CARAWAY. If we apply such a coercive measure in that way, why not make California abandon her land laws that offend the Japanese by saying that California shall have no participation in Federal revenue unless they do abandon that law?

Mr. FLETCHER. I propose to come to that later.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Utah?

Mr. FLETCHER. I yield.

Mr. KING. Of course, the Senator does not mean by that that the Federal Government has no power to tax estates within the State, and particularly now in view of the fact that so many estates consist of intangibles which may find existence in loci, if they can be located anywhere in the various States.

Mr. FLETCHER. The Supreme Court of the United States has declared that this is an excise tax and that it is within the authority and power of Congress to levy. I accept that as the legal situation, that the Congress has the right to impose estate taxes and they are classed as excise taxes.

Mr. KING. Does the Senator mean to say that it would be improper for a State to prefer a tax upon the real estate of the farmers, imposing a rather heavy burden upon them for State purposes, instead of receiving some contribution from the estates of rich persons?

Mr. FLETCHER. That is entirely for the State to settle for itself. The Federal Government has nothing to do with it, and no other State has anything to do with what any particular State may see fit to do in the circumstances.

Mr. KING. I agree with the Senator in that statement.

Mr. FLETCHER. While I say that the estate tax is authorized, as the Supreme Court has held, as an excise tax, being a tax on the transmission of property, which depends altogether on the laws of the State, the Supreme Court never has approved provisions, such as are set forth in the pending bill, that the Federal Government may impose a tax and then allow a deduction to the taxpayer in the States for 80 per cent of the amount of the Federal taxes where the States imposes an inheritance tax. They never have sustained that law, and I propose to show, if I am allowed to proceed, that that provision makes the pending bill absolutely unconstitutional, and in my judgment the act of 1924 is unconstitutional for the same reason. I believe if the question is ever brought into the courts they would so hold.

Mr. KING. I should be glad if the Senator would show in principle the distinction between the Federal Government collecting taxes, a portion of which come from the estates of decedents, and paying to the States a portion of that tax collected, and on the other hand the collection of taxes and the return to the State of very large portions of the sum for purposes which some call within the general welfare, for altruistic purposes, for philanthropic purposes, for various other purposes that are not clearly within the scope of the Federal Government.

Mr. FLETCHER. Of course, each instance of that kind must depend upon the facts and circumstances surrounding it. That does not answer the problem here, where we are to consider that the Government undertakes to impose a tax not for revenue at all. The proper disposition of the money after it is collected is an entirely different matter. It has no authority to impose taxation to promote uniformity of legislation in the various States or for some other purpose. It has authority only to impose taxes for revenue purposes and for the uses of the Government. The very fact that they propose to levy this tax and then reduce it by 80 per cent shows that they are not after revenue. The purpose is to exercise the taxing power to accomplish an object other than the raising of revenue. Under the guise of taxation the aim is to dictate legislative action by the States respecting their tax laws.

Mr. CARAWAY. Mr. President, may I ask the Senator a question?

Mr. FLETCHER. Certainly.

Mr. CARAWAY. If they could remit 80 per cent, they could remit 100 per cent?

Mr. FLETCHER. Certainly.

Mr. CARAWAY. And there is no relation between the question suggested by the Senator from Utah, that of the levying of a tax and remitting it to the States as a tax, and making appropriations for public highways, for instance. Those questions are not related at all.

Mr. FLETCHER. Not at all.

Mr. CARAWAY. They do not rest upon the same authority.

Mr. FLETCHER. What the Senator had in mind would depend altogether upon the facts and circumstances surrounding each particular instance. The fact is, getting back to the question suggested by the Senator from Nebraska and the Senator from Idaho, that in some States nearly 30 per cent of the revenue is produced from this source—death taxes. In some States not over 5 per cent of the revenue is produced in that way. In a few States, Florida and Alabama, for instance, none, of course, is produced in that way because they have no inheritance or income tax. In Nevada, after July next, they will have no inheritance or estate tax. So there will be three States where no revenue is derived from this source at all, and the other States derive revenue from it varying all the way from 5 per cent to 30 per cent of their total revenue. Within the last five years 27 States have changed their laws with reference to inheritance taxes, and in every instance the rates have been increased except in one. California changed her law, but did not raise the rate.

In 1910 the total amount of revenue received in the country from inheritance taxes was only about $10,000,000. In 1922 the total amount of revenue derived from death taxes, including the Federal estate tax, amount to some $220,000,000. Anyone who expects or apprehends that an effort will be made to induce the States to recede from inheritance taxes is mistaken, will find there is no foundation for that idea, because the tendency is all the other way. The tendency is for the States to reach out after this source of revenue, to increase their rates to get more revenue from it, increasing their yield of revenue from this source.

Mr. NORRIS. May I ask the Senator another question right at that point, if he will permit me to interrupt him?

Mr. FLETCHER. I yield.

Mr. NORRIS. I think it is true, just as the Senator has said, that the tendency has been that the States have increased the rates and some have enacted laws that had none on the subject before. Does not the Senator think that that very fact is going to drive some of the other States to do what Florida and Alabama have done and what California is now trying to do, and that therefore the tendency is going to be, at least with a large portion of the States, to decrease and to repeal entirely the estate taxes, so as to invite men to come within their borders and escape that kind of tax, whereas as to the Federal tax that could not happen?

It seems to me it is perfectly plain that a contest is going on which will eventually mean that the estate taxes as administered by the States will pass out of existence entirely and that the only power on earth that can make it uniform is the Federal Government.

Mr. FLETCHER. Not at all, Mr. President.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. FLETCHER. Let me answer the Senator from Nebraska first, please, and then I will yield to the Senator from Missouri.

The Senator referred to Florida as having recently taken the step of eliminating inheritance and income taxes. Florida never has had an inheritance tax law. Florida has never imposed any income tax.

Mr. NORRIS. When did Florida adopt the constitutional amendment?

Mr. FLETCHER. Two years ago; but that was simply making permanent a policy which has existed ever since Florida became a State.

Mr. NORRIS. What was the occasion for adopting the amendment unless they wanted to let the whole country know that they had to put it in their fundamental law, so they could not enact a statute to the contrary, and thus invite wealthy men to locate there?

Mr. FLETCHER. It was an effort to make permanent a policy that has existed in the State, in pursuance of views and practice that existed in the State continuously and always heretofore. If people are induced to go to Florida because we had no inheritance or income tax, they have had the same motive and the same opportunity since 1845.

Mr. NORRIS. Yes; but they did not have the assurance that the next legislature would not enact that kind of a law.

Mr. FLETCHER. That is quite true.

Mr. NORRIS. They have that assurance now.

Mr. FLETCHER. The fact that it never has enacted such a law, the fact that there was never any demand for such a law, the fact that they did not need such a law, the fact that they did not require these taxes at all for State purposes, were all outstanding and perfectly well-known facts before. They did adopt a constitutional amendment prohibiting the legislature from imposing these taxes in the future. Of course, that amendment itself might be changed in the course of time, but it was an effort to make permanent a policy which has existed there for all these years.

I now yield to the Senator from Missouri.

Mr. WILLIAMS. Will the Senator from Florida inform us whether it is not true that within the last two years there has been a constitutional amendment adopted in the State of Florida which provides that there shall be no inheritance tax imposed within that State?

Mr. FLETCHER. Yes; I have just stated that fact; but I say there never has been any inheritance tax law or income tax law in Florida.

Mr. WILLIAMS. I quite understand that. Now, suppose we take the converse of that situation; suppose instead of adopting a constitutional provision like that the State of Florida had adopted a constitutional provision or had passed a mere act of the legislature under which it was provided that in the State of Florida there should be no more inheritance as such; that the right of inheritance should be abolished in the State of Florida; suppose the converse of that situation were before us, then the Government could not collect an inheritance tax in Florida?

Mr. FLETCHER. I presume that is correct.

Mr. WILLIAMS. If that is true, then would the Senator not be opposed to an inheritance tax because it derived its whole origin from the State? In other words, the subject of the tax itself is created by the State.

Mr. FLETCHER. Descent and distribution depend on State laws, not Federal statutes at all. The Federal Government has nothing to do with them. Laws of inheritance are State laws, just as the Senator suggests. His position is correct, and I am glad he mentioned it.

Mr. SIMMONS rose.

Mr. FLETCHER. Let me answer the Senator from Nebraska [Mr. NORRIS] briefly on another point, and then I shall yield to the Senator from North Carolina.

The Senator from Nebraska suggests the idea of uniform State laws throughout the country as being desirable, and the effort being in that direction. I very much doubt, to be perfectly frank, if we ever can have uniform legislation in that regard.

Mr. NORRIS. I agree with the Senator from Florida absolutely in that statement.

Mr. FLETCHER. And I doubt very much if it is desirable that we should have such uniformity, because, as I have just stated, the needs of one State are different from the needs of another State. No State ought to impose taxes on its people merely for the purpose of taxing them; no State ought to levy more taxes than it needs for governmental purposes; and the needs of one State are altogether different from the needs of another State. Consequently, I do not see how it would ever be possible to have uniform legislation throughout the country; and that is the purpose of the legislation pending here, as has been brought out in the discussion in another body, in the press, and elsewhere. The whole purpose is not to raise revenue but to promote uniformity of legislation among the States on the subject of inheritances.

Mr. NORRIS. Will not the Senator from Florida admit now, since he has admitted that we can not get State uniformity, that the only possible way of having uniform legislation on this subject is by Federal legislation?

Mr. FLETCHER. That does not bring any uniformity at all; that violates all the principles of uniformity, as I shall show in a minute.

Mr. CARAWAY. Mr. President, may I ask the Senator from Florida a question?

Mr. FLETCHER. I ought first to yield to the Senator from North Carolina.

Mr. CARAWAY. Very well.

Mr. SIMMONS. Mr. President, I wanted to say to the Senator from Florida that it seemed to me that the objection raised was that the enactment of such legislation as has been embodied in the constitution of Florida has given to that State a great advantage over other States, and it is feared that if the levying of an inheritance tax is left to the States, without any interference on the part of the Federal Government, similar advantage will be sought by other States. I wish to ask the Senator from Florida, in connection with that situation and that contention, does he attribute the very remarkable movement which has taken place in Florida in the last year or so to the action of his State in providing in its constitution that there shall be neither inheritance nor income taxes imposed in that jurisdiction?

Mr. FLETCHER. Frankly, I do not. Anyone who is acquainted with the history of events and the processes of development that have been going on will know that the movement in Florida has been proceeding, while not with such rapidity as within the last 12 or more months, for at least 10 or 20 years back. During all of that period there has been this movement more or less pronounced into Florida. It has been growing and increasing as people have become acquainted with the opportunities and the advantages offered by that State. In my judgment, one of the main factors which has brought a wider acquaintance with these conditions and induced the development in Florida and brought people into the State has been the improvement of the public roads, opening up and improvement of the highways and the greater use of automobiles. Last year, for instance, 500,000 people went into the State of Florida in automobiles. They could not have done that five years ago. People move from every State in the Union, and from Canada, in automobiles to Florida; and they are able to see for themselves what the State offers. Increased transportation facilities generally by the highways, the railroads and waterways, in my judgment, have contributed more to promote the development of Florida than has anything else. These things and the dissemination of knowledge about the resources, the climate, and other conditions in the State have prompted the unprecedented migration to Florida.

Mr. SIMMONS. Mr. President, confirming the statement of the Senator from Florida, I wish to ask him if he does not know that in the western part of North Carolina, in the mountainous parts of the State, in the section which is known as the Hendersonville section of North Carolina, during the past year there has started a movement almost as large, although not covering so great a territory, in its effect upon real estate and values as has taken place in Florida?

Mr. FLETCHER. I think that is quite true; and again, I think that is largely due to the development of highways.

Mr. SIMMONS. I agree with the Senator. The development of highways in the State of North Carolina has contributed very largely to the immense movement that is going on in western North Carolina to-day, almost eclipsing the movement in Florida.

North Carolina, however, Mr. President—and that is the point I want to make—imposes a very considerable income tax and a very considerable inheritance tax. In fact, the State of North Carolina does not impose for State purposes any tax upon property at all, but it raises all the revenue which is necessary for the support of the State government by inheritance, income, and license taxes; and yet in the western part of my State there is going on to-day a movement within a limited territory, probably within a radius of 50 or 75 miles, which is as great as is going on in the State of Florida.

Mr. FLETCHER. I think the Senator is quite correct about that. My contention is that is a matter for North Carolina to determine for herself—how she shall raise her revenue and what she will do with her money—and that there is no power in Congress to dictate to North Carolina what her taxation laws shall be. If we once concede that there is any such authority in Congress there is no limit to which that power may go, so that, under the guise of taxation, the Federal Government may undertake to prescribe what the States shall enact in the way of tax laws.

Mr. BORAH. Mr. President——

Mr. FLETCHER. I yield to the Senator from Idaho.

Mr. BORAH. I quite agree with the contention that the Congress has no power—or, if it has, it is of such doubtful character that it ought not to be used—to force upon the States any system of taxation. I do not believe, either, that it is any part of the duty of Congress to collect taxes and turn them over to the States; but the question which I want to present to the Senator is this: Does he see anything unsound in the contention that great estates, whether a large amount of taxes is needed or a small amount is needed in a State, should bear their proportion of the taxes of the State or of the National Government?

Mr. FLETCHER. I do not, generally speaking. I have stated that already; but I submit that it is a matter for the State to determine whether or not they ought to impose or believe in imposing any inheriance tax or income tax upon their people, and not for the Congress. I believe the revenue for the National Government should be raised by other means.

Mr. BORAH. I should like to ask the Senator another question. I think the Senator was overmodest in stating that the great development in his State was due largely to the automobile, because the good roads leading out of Florida are just the same as the good roads going into the State of Florida.

Mr. FLETCHER. I think I said that that was one of the chief factors. I might mention transportation facilities generally, the increase in railroad facilities, and the development of waterways. All of those facilities have brought Florida close to the main markets of the country and made it accessible to the 60,000,000 or 70,000,000 people who before had difficulty in getting in and out of the State.

Mr. BORAH. Really, the key to the development of Florida is what Divine Providence left down there, is it not?

Mr. FLETCHER. I think undoubtedly the climate is the chief thing, and is eternal and everlasting and can not be taken away from us by Congress or by anybody else. It is because, in the last analysis, Florida has what the people of this country want and what they can find nowhere else—and the good Lord is not making any new territory—hence Florida is coming into her own and making such rapid progress and enjoying such splendid development.

Mr. SIMMONS. People are going to Florida, if the Senator will permit me, because of Florida's winter climate, and they are coming to the mountains of western North Carolina because of our summer climate. [Laughter.]

Mr. CARAWAY. Mr. President, may I ask the Senator from Florida a question?

Mr. FLETCHER. I yield to the Senator from Arkansas.

Mr. CARAWAY. I do not want the two Senators to imagine that the Lord has done something for Florida and North Carolina and done nothing for any other State. I am unwilling that the two Senators should be so modest as to admit that the people living in those States have nothing to do with it. I think there are good citizens in Florida and good citizens in North Carolina to whose efforts much may be attributed. However, passing that by, what I wanted to call the Senator's attention to was the remark of the Senator from Nebraska that there was no other way to force uniformity of taxation upon the States. That is the vital question, I think, in the provision of the House bill which has been stricken out. It was an attempt to force uniformity.

If the Federal Government can force uniformity with reference to taxation, it can do so with reference to marriage and with reference to divorce. It could abolish the separate school system in my State and compel all our children, however repugnant it might be, to attend the same school; and, with all due respect to the late Senator from Massachusetts, he would not have needed his force bill at all if this scheme had been called upon, because the Federal Government could say that, unless supervision of elections were permitted by Federal supervisors, the States should not participate in a certain tax. So there would be no end to the coercion that could be brought to bear upon a State if this unthinkable provision should be adopted by the Senate.

Mr. FLETCHER. I think the Senator is correct about that.

Mr. LENROOT. Mr. President, will the Senator from Florida yield to me?

Mr. FLETCHER. I yield to the Senator from Wisconsin.

Mr. LENROOT. Would the Senator say that when the constitutional amendment was adopted in Florida one of the reasons for it was—and was not that reason stated—to attract wealthy people to Florida?

Mr. FLETCHER. I never gave any such reason. I do not know what reasons the real-estate agents may have given.

Mr. LENROOT. I know the Senator did not give any such reason, but is it not a fact that since then it has been advertised all over the United States that the laws of Florida with reference to the absence of income and inheritance taxes constitute one reason why Florida should be attractive to people of great wealth?

Mr. FLETCHER. Very likely; and Florida is, indeed, proud that she does not have to lay income and inheritance taxes upon her people. And she invites good people from everywhere and for all the reasons that may appeal to and satisfy them.

Mr. LENROOT. I should like to ask the Senator one other question. The Senator said, in response to the Senator from Idaho, that he thought it entirely just that inheritance taxes should be levied. If the State of Florida does not need them, why should they not pay them to the Federal Government?

Mr. TRAMMELL. Mr. President, will my colleague allow me to ask the Senator from Wisconsin a question?

Mr. FLETCHER. Yes.

Mr. TRAMMELL. Do not other States and other cities advertise any advantages which they may possess in regard to taxation? Sometimes they say that the mileage is low and sometimes they say that real estate is not assessed for taxation but that the taxes are raised from other sources. They advertise what they consider the advantages of their taxing system. Has not Florida the same privilege?

Mr. LENROOT. Absolutely.

Mr. TRAMMELL. There is nothing wrong about it.

Mr. LENROOT. And I think it is a very great privilege; but the senior Senator from Florida undertook to say that the taxing system did not have any effect upon the growth of Florida, and that is the point I was making.

Mr. FLETCHER. I have not said that it did not have any effect. I said that I did not advertise it as an inducement for people to come to the State. Others no doubt did, and very properly. What I mean is that has not been stressed by me as the important or main reason why people should go to Florida. I presume likely it has had the effect of attracting people to the State. But with reference to the Senator's suggestion that Florida ought to pay her part of the revenue required by the Government, let me say that Florida does pay her part and she is willing to pay her part. This is not a revenue-raising provision. It is practically conceded by the Treasury Department that it will cost somewhere near 20 per cent of the entire revenue derived from this estate tax to collect it. Consequently the Government will get practically nothing out of it if the bill is passed as it is. It will be necessary to keep up the bureau, the division, the field force, the records, and so forth, and impose this tax. All of those things are paid for by the Government to collect the tax and deduct 80 per cent for the States, and out of that 20 per cent it will not be possible to pay the expenses of collection.

Mr. REED of Pennsylvania. Mr. President, will the Senator yield for a question?

Mr. FLETCHER. I yield.

Mr. REED of Pennsylvania. How does Florida raise the expenses of the State government? Is it by a tax on personal property or real property?

Mr. FLETCHER. Real property and personal property and licenses, and we have a gasoline tax.

Mr. WATSON. Mr. President, does Florida tax bank accounts?

Mr. FLETCHER. No; not as such.

Mr. REED of Pennsylvania. It is perfectly evident to me that the State of Florida must collect from its citizens enough to run its State government. If it does that, and if the citizens of Florida have to pay five times as much inheritance tax as the citizens of some other State, is it not obvious that the citizens of Florida are going to pay a double tax?

Mr. FLETCHER. Precisely; that will follow.

Mr. NORRIS. That would be too bad.

Mr. FLETCHER. I think it would be unfair anyhow. Florida is willing to bear her proportion of the burdens of Government, and she is doing it; but now let us come back to this proposition——

Mr. NORRIS. Mr. President, before the Senator leaves that point, let me ask him whether the same argument applies to the income tax? Because Florida does not levy an inheritance tax the Senator thinks it follows that we ought not to levy a Federal inheritance tax. Then, if Florida does not levy an income tax, ought not we to repeal our Federal income tax?

Mr. FLETCHER. Would the Senator propose to levy an income tax and deduct from it all the income taxes paid to the States? Would that be a sound proposition, or to deduct 80 per cent of them?

Mr. COUZENS. Mr. President——

Mr. NORRIS. No; but if we should levy a Federal inheritance tax and say nothing about giving the States anything, then I suppose the Senator would favor it. If he would, then I should be glad to amend it in that way.

Mr. FLETCHER. That is not this bill.

Mr. NORRIS. Then let us change it. If the Senator and those who are opposing it on his ground will support it if that change is made, I should be glad to go with them. I should be glad to levy a Federal tax and say nothing about giving any of it to the States.

Mr. FLETCHER. Of course that would very greatly improve the bill. There is no question about that.

Mr. SIMMONS. Mr. President, in agreeing to the House bill, as I understand the administration and the Treasury Department do agree to that bill, with this provision giving the States 80 per cent of the inheritance tax and retaining just about enough to pay the expenses of collecting that tax, is it not admitted that this levy is not needed for the purpose of obtaining revenue to run the Federal Government?

Mr. FLETCHER. Of course.

Mr. SIMMONS. With reference to the income tax, if the Senator from Florida will permit me, is it not recognized that the Government gets the larger part of its taxes for the support of the Government from income taxation?

Mr. FLETCHER. Yes.

Mr. SIMMONS. And there is no proposition anywhere on the part of the Government to surrender any part of that income tax?

Mr. FLETCHER. Precisely.

Mr. LENROOT. Mr. President, will the Senator yield once more? The Senator is aware that under the Federal income tax law income taxes paid in a State are deductible from the gross income. In Florida, there being no State income tax, there is no such deduction. Does the Senator complain of that?

Mr. FLETCHER. We make no complaint of that. It is a different matter. The deduction in case of income taxes is from the gross income, not from the tax itself. The deduction under paragraph (b) is from the Federal tax itself.

Mr. LENROOT. And yet there is the same nature of discrimination, except as to degree, is there not?

Mr. FLETCHER. I do not think the same principle applies. Let me deal with that for a moment.

This provision of this bill, in my judgment, is unconstitutional; and I refer Senators to section 8 of Article I of the Constitution of the United States, which provides:

> The Congress shall have power to lay and collect taxes, duties, imposts, and excises to pay the debts and provide for the common defence and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States.

The uniformity required has been adjudged to be a territorial uniformity or a geographical uniformity, and not an intrinsic uniformity. (LaBelle Iron Works *v.* United States, 256 U. S. 392; Billings *v.* United States, 232 U. S. 282.)

As a result of this interpretation, taxation has been upheld although it operates unequally, provided there was found to exist a reasonable basis for the distinction in respect to the persons or the things upon which the law operated; but the line of cleavage must not be geographical, and the basis of classification or distinction must never be territorial.

The uniformity clause was intended to prevent sectionalism in the exercise of the taxing power.

Here we have the very worst type of sectionalism—a sectionalism aimed at a sovereign State and a tax law designedly framed to operate differently within the bounds of three States of the Union from the way in which it would operate in the other 45.

As the result of the provisions of paragraph (b), section 301 of the proposed revenue bill, as soon as the Commissioner of Revenue crosses the State line from Georgia into Florida he must collect an estate tax materially larger than the law permits him to collect in Georgia.

Is it not perfectly clear that the principle of uniformity is violated by these provisions when we think of an internal-revenue collector standing on the line between Georgia and Florida, for instance, and over in Florida collecting, we will say, $1,000 estate tax, and over in Georgia collecting $750? Just step across the line and you get this difference, or maybe more. The Georgia law now, I think, provides for this 25 per cent deduction as provided for in the act of 1924; and therefore the same collector steps over the line in Florida and collects $1,000, and over in Georgia he collects $750 in full settlement of the tax.

Mr. GEORGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Georgia?

Mr. FLETCHER. I do.

Mr. GEORGE. It is not material to the Senator's argument, but I should like to say merely that the Georgia inheritance tax hinges on the Federal tax. It is provided by statute that it shall not be more than 25 per cent of the amount fixed in it.

Mr. FLETCHER. Precisely. It is based upon the act of 1924, I take it. In the territory belonging to Georgia an estate of $100,000 will pay a certain amount, and in the State of Florida, across the line, an estate of $100,000 will pay a materially larger tax. In the one territory the law will operate very differently from the way in which it will operate in the other territory.

The operation of the law in each State is made to depend upon the policy of that State's taxing laws. The policy of a State is coextensive with its territory, so in the last analysis the classification attempted by the pending measure is a territorial or geographical one.

The Congress should take notice of this lack of uniformity and avoid it. Congress should do what the courts will be compelled to do should the estate tax be enacted as now proposed.

The provisions of the revenue law are framed so as to produce a certain amount of revenue for the uses of the Government, and the invalidity of this section of the law would seriously affect the general scheme.

In speaking of the child labor act, Chief Justice Taft, at page 39 of Two hundred and fifty-ninth United States Reports, says:

> So here the so-called tax is a penalty to coerce people of a State to act as Congress wishes them to act in respect to a matter completely the business of the State government under the Federal Constitution.
>
> This case requires, as did the Dogenhart case, the application of the principle announced by Chief Justice Marshall in McCulloch *v.* Maryland (4 Wheaton 316, 333), in a much-quoted passage:
>
> "Should Congress in the execution of its powers adopt measures which are prohibited by the Constitution; or should Congress under the pretext of executing its powers pass laws for the accomplishment of objects not intrusted to the Government; it would become the painful duty of this tribunal, should a case requiring such decision come before it, to say that such act was not the law of the land."

In a very recent case, Hill *v.* Wallace, in Two hundred and fifty-ninth United States Reports, at page 44, the Supreme Court said—I read now from page 66:

> It is impossible to escape the conviction from a full reading of this law that it was enacted for the purpose of regulating the conduct of business of boards of trade through supervision of the Secretary of Agriculture and the use of an administrative tribunal consisting of that Secretary, the Secretary of Commerce, and the Attorney General. Indeed, the title of the act recites that one of its purposes is the regulation of boards of trade. As the bill shows, the imposition of 20 cents a bushel on the various grains affected by the tax is most burdensome. The tax upon contracts for sales for future delivery under the revenue act is only 2 cents upon $100 of value, whereas this tax varies according to the price and character of the grain from 15 per cent of its value to 50 per cent. The manifest purpose of the tax is to compel boards of trade to comply with regulations, many of which can have no relevancy to the collection of the tax at all.

And then, going on, the court quotes from the child-labor case:

Out of a proper respect for the acts of a coordinate branch of the Government this court has gone far to sustain taxing acts as such, even though there has been ground for suspecting from the weight of the tax it was intended to destroy its subject. But in the act before us the presumption of validity can not prevail, because the proof of the contrary is found on the very face of its provisions. Grant the validity of this law, and all that Congress would need to do hereafter in seeking to take over to its control any one of the great number of subjects of public interest, jurisdiction of which the States have never parted with, and which are reserved to them by the tenth amendment, would be to enact a detailed measure of complete regulation of the subject and enforce it by a so-called tax upon departures from it. To give such magic to the word "tax" would be to break down all constitutional limitation of the powers of Congress and completely wipe out the sovereignty of the States.

And then adds:

This has complete application to the act before us and requires us to hold that the provisions of the act we have been discussing can not be sustained as an exercise of the taxing power of Congress conferred by section 8, Article I.

That is directly in point with the matter here before us; and even in a later decision which Justice McReynolds handed down, the case of H. B. Trusler, plaintiff in error, against Noah Crooks et al., decided in the October term, 1925, Justice McReynolds, speaking for the court, said:

The stipulated facts reveal the cost, terms, and use of "indemnity" contracts, together with their relation to boards of trade, and indicate quite plainly that section 8 was not intended to produce revenue but to prohibit all such contracts as part of the prescribed regulatory plan. The major part of this plan was condemned in Hill *v.* Wallace, and section 3, being a mere feature without separate purpose, must share the invalidity of the whole. (Wolff Packing Co. *v.* Industrial Court, 267 U. S. 552, 569.)

The court said further:

This conclusion seems inevitable when consideration is given to the title of the act, the price usually paid for such options, the size of the prescribed tax (20 cents per bushel), the practical inhibition of all transactions within the terms of section 3, the consequent impossibility of raising any revenue thereby, and the intimate relation of that section to the unlawful scheme for regulation under guise of taxation. The imposition is a penalty and in no proper sense a tax. (Child Labor Tax case, 259 U. S. 20; Lipke *v.* Lederer, 259 U. S. 557, 561; Linder *v.* United States, 268 U. S. 5.)

So they declared the act invalid. Those principles apply directly to the situation here. Without taking any more time, and without going further into the details or citing authorities, I am absolutely confident that the estate-tax provision in the revenue bill of 1926, passed by the House of Representatives on December 18, 1925, and the estate-tax provision in the law now in force, the revenue act of 1924, are unconstitutional and void; that the tax imposed by title 3, estate tax, of this bill, upon the transfer of the net estate of every decedent dying after the enactment of the bill, is a duty or excise within the meaning of section 8 of Article I of the Constitution, and as such is subject to the rule of uniformity as prescribed by the first clause of that section.

Third. By reason of the inclusion in title 3 of the proposed act of the provision, section 301, paragraph (b), allowing a credit of 80 per cent for estate, inheritance, legacy, and succession taxes paid to any State or Territory or the District of Columbia, the whole title is rendered repugnant to the uniformity clause of section 8 of Article I of the Constitution and is void.

I need not refer further to this clause in the Constitution and to various cases, such, for instance, as Edye *v.* Robertson (112 U. S. 580) and Pollock *v.* Farmers' Loan & Trust Co. (157 U. S. 429).

Fourth. I say that title 3 is an invasion of the rights reserved to the States by Article X of the amendments to the Constitution, and for that reason also is unconstitutional and void. I think the case to which I referred—Bailey against Drexler Furniture Co., decided by Chief Justice Taft (259 U. S. 20, 36, 37, and 39)—fully sustains the position.

Mr. SIMMONS. Mr. President——

The PRESIDING OFFICER (Mr. OVERMAN in the chair). Does the Senator from Florida yield to the Senator from North Carolina?

Mr. FLETCHER. I yield.

Mr. SIMMONS. My attention was diverted at the time the Senator was reading that opinion. I am very much interested in it, and if it would not take much time I would be happy if the Senator would briefly state what it holds.

Mr. FLETCHER. The opinion in the case of Hill against Wallace held certain sections of the future trading act invalid. That was one opinion from which I read. The opinion was based on the ground that the act was an attempt to regulate, by means of a Federal tax, a business that was wholly intrastate. The case to which I last referred was the case of Trusler against Crooks, decided by Mr. Justice McReynolds. That related to a paragraph in the same act, and he held it unconstitutional. I will give the Senator a copy of that opinion.

I think these two paragraphs will be construed together, and that the rule that the whole title is void in its entirety applies, under the decision in Warren *v.* Charlestown (2 Gray 84).

The Supreme Court has said:

It is elemental that the same statute may be in part constitutional and in part unconstitutional.

There is a provision in this bill, as we usually have in all of our bills, that if one part of a statute is declared unconstitutional that does not necessarily make the whole bill unconstitutional. But that provision does not save this title at all.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Georgia?

Mr. FLETCHER. I yield.

Mr. GEORGE. I wish to ask the Senator if any of the cases to which he has referred have considered a provision analogous to this particular provision of the bill. The Senator will note that the tax levied is uniform, but that provision is made for credit against that tax—that is, credit for any amount paid by any taxpayer in any State on account of a similar tax. I would like to know, the Senator having gone into the legal phase of it, whether or not any of the cases deal with precisely that situation. In other words, it occurs to me that here is uniformity so far as the levy of the tax is concerned, but it is not uniform throughout all of the States that certain credits may be allowed. Those credits, of course, are not uniform, because every State does not have an inheritance tax. I wanted to know if, in the Senator's study of this question, he had thought of that particular phase.

Mr. FLETCHER. My position about that is that whereas the rates are uniform, as the Senator has in mind, there is a violation of the constitutional requirement of uniformity, which means territorial uniformity, and therefore this tax is not uniform as to all the States, because there are at least three States that have no inheritance tax at all under which any deductions can be made.

Mr. KING. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. KING. In line with the suggestion made by the able Senator from Georgia, if I understood him, I call the attention of the Senator from Florida to the fact that we have enacted a number of measures which were discriminatory in their gifts or contributions to the States. For instance, we have passed acts by the terms of which if certain States erected agricultural colleges they should receive certain grants. Other legislation which comes to my mind now, which we enacted, provided that if certain States would establish in their universities provision for teaching hygiene and the facts as to infectious diseases—and that was particularly during the war—various contributions would be made through the Public Health Service to those States.

Some States got money for nothing; that is to say, they obtained contributions from the Public Treasury which were not obtained by other States, simply because the other States did not follow the same course which they pursued. It would seem to me, if I understand the Senator's argument, that his challenge to this legislation upon the ground that it fails to conform to the constitutional provisions as to uniformity goes a little further than mere territorial uniformity, and that the suggestion made by the Senator from Georgia and the illustrations which I have given would negative the contention of the Senator from Florida that it is unconstitutional upon the ground of lack of uniformity.

Mr. FLETCHER. I think the Senator has in mind our making appropriations conditioned on certain things, which does not seem to me to apply to this question at all. We must not get away from this position: The Supreme Court has sustained this kind of a tax on the ground that it is an excise tax, a tax imposed upon the transmission of property, and, of course, when we reach that point we must recognize that the constitutional provision with reference to excise taxes must apply. In what sort of a position would we be if New York could impose certain customs duties upon imports and Florida certain other customs duties upon imports? We could not stand for that a moment. That is an excise tax. So is this an excise

tax. We must hold ourselves to that legal situation and then apply the constitutional provision, which the Supreme Court has said means territorial uniformity when it uses the word "uniform."

Mr. GEORGE. Mr. President, I was not seeking to enter into a controversy with the Senator, but I was making the inquiry for the purpose of obtaining information. It occurred to me, just from hearing the Senator's argument, that when the tax bill fixes, for instance, a certain tax upon estates of $6,000,000 or more, then there is a uniform levy of tax, and that that uniformity is not destroyed or affected by the fact that a citizen in one State may have a greater credit or a lesser credit to be taken from the total of the tax.

I asked the question in the utmost good faith, because of this further fact: Of course, the Congress of the United States must have notice of any constitutional limitation imposed upon any State. In other words, the Congress of the United States, at the time it passes this bill, if it does pass it as it came over from the House, has knowledge of the provision of the constitution of the State of Florida—that is to say, that no estate or succession tax can be imposed in Florida. Therefore, if the Congress should pass this bill, with the knowledge that the Florida citizen could not have a deduction on account of any payments made by him to the State, for the reason that his State was forbidden to impose an estate or succession tax, quite an interesting question would be raised, and I wondered if the Senator had thought of that particular phase of this question.

Mr. FLETCHER. I do not know that I quite get what is in the Senator's mind with reference to that. My impression now would be, from the statement the Senator has made—and I am glad he brought out that point—that it would simply be in defiance of the constitutional provision to attempt to pass legislation of this kind, knowing the conditions, as Congress must know them, as the Senator has said, with reference to certain States. Congress knows that citizens of Florida can not enjoy any deduction from this tax, absolutely. Congress knows that citizens of Alabama can not. But Congress says, "You have to do it or you will suffer; you will be penalized." I do not think Congress ought to attempt to do that sort of thing at all, and I do not think they have any power to do it, when it comes to the test of applying the Constitution to the question.

If paragraph (b) should be stricken out, the situation would be greatly improved, I admit, and there might be some sort of argument for the Federal Government simply holding a field of taxation, which it occupies, and does not want to give up merely for the purpose of holding it and enjoying whatever power may come from it. But, if you enact the two together, even though the court should hold that paragraph (b) ought to fall, it would involve the whole provision, in my judgment, and the whole title would go with that declaration of unconstitutionality.

Mr. LENROOT. Mr. President, will the Senator yield at that point?

Mr. FLETCHER. Let me just refer, as I intended to do sometime ago, to this record with reference to the imposition of this estate tax by the Federal Government. I refer to the report of the national committee on inheritance taxation at page 22:

> Although a Federal inheritance tax law was passed as early as 1797, the Federal Government has resorted to this method of raising revenue only under pressure of emergency caused by war, and heretofore the taxes have been repealed as soon as the pressure was removed. The statute of 1797 was repealed in 1802.
>
> Five years.
>
> A second statute was in force from 1862 to 1870.

That was eight years, and that was occasioned by the War between the States.

> A third from 1898 to 1902.

That was four years, and that was induced by the Spanish-American War. In all these instances where the Government has undertaken to impose an estate tax it has been in the presence of war, and as soon as that emergency was over the laws have been repealed. The present statute was enacted September 8, 1916, and after several amendments still remains in force.

> This field, therefore, in the past, has been left, except in war emergencies, entirely to the States, and the present encroachment by the Federal Government seriously affects the State revenues. The Federal Government is better able to give up this object of taxes than are the States.

That is the story. That is the history. Those are the precedents. Why insist now, 10 years after we began the taxation and over 7 years after the war was ended, upon continuing the legislation upon our statute books? We never have done it in all our history before.

Mr. LENROOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Wisconsin?

Mr. FLETCHER. I yield.

Mr. LENROOT. The Senator, of course, agrees that the inheritance tax was levied in 1916, a year before the war began, does he not?

Mr. FLETCHER. The war began in 1914.

Mr. LENROOT. Not our war. We were not in the war then.

Mr. FLETCHER. But the war was on in 1914. I was over there when it started and I know.

Mr. LENROOT. Then does the Senator make the claim that if Great Britain and Turkey should get into war to-morrow we would be justified in levying inheritance taxes?

Mr. FLETCHER. Oh, we were looking ahead in 1916, as we had a right to look ahead. That act was to provide taxes for 1917.

Mr. LENROOT. Of course we were looking ahead, and yet the total expenditures of our Government in 1916 when we levied the tax were not nearly so great as they are to-day.

Mr. FLETCHER. We started with a mild tax.

Mr. LENROOT. And the reason why they are greater to-day is because we have not yet paid for the war. Why does the Senator say the emergency is over?

Mr. FLETCHER. The committee have here framed a bill entitled "A bill to reduce and equalize taxes." You are telling the people that the very object of the bill is to reduce taxes.

Mr. LENROOT. And the bill does reduce taxes.

Mr. FLETCHER. But the Federal Government does not need the revenue. The department will tell the Senator, I expect, that with these provisions in the bill we will not derive enough revenue from these taxes to much more than pay the expense of collection.

Mr. LENROOT. Oh, I beg the Senator's pardon. The department will tell us nothing of the kind.

Mr. FLETCHER. I do not know what they will say, but I am satisfied from the figures that were given—and I am convinced from the information we have—that it will cost practically within a few million dollars of what we will collect to make the collection. Of course in these days when we get to talking about a million dollars I am lost. I do not know what a million dollars is, but within a few million dollars—what we call small change when it comes to raising revenue of $4,000,000,000—of the total amount collected will be the cost of collecting this tax under the revenue bill that is now before us.

Mr. LENROOT. The Treasury makes no such estimate, but entirely on the contrary.

Mr. FLETCHER. What do they estimate?

Mr. LENROOT. Two per cent is what it has cost.

Mr. FLETCHER. And we do not get very much revenue from it now?

Mr. LENROOT. Oh, over $100,000,000.

Mr. FLETCHER. That is less than we have been getting?

Mr. LENROOT. It cost us $2,000,000 to collect that $100,000,000.

Mr. FLETCHER. Then the Senator proposes to collect $100,000,000 and give $80,000,000 of it away? He would only have $20,000,000 to cover the total expense of collecting it.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Utah?

Mr. FLETCHER. I yield.

Mr. KING. I have an amendment proposing to reduce the 80 per cent to 25 per cent; that is, to restore the existing rate. Personally I would prefer a low inheritance or estate tax by the Federal Government with no return or credit to the State. I am in sympathy with the argument of the Senator that we ought not to collect money through the taxing power merely for the purpose of returning it to the States, or for the purpose of enforcing uniformity. That argument to me is unsound and fallacious and a wholly improper argument. But I have offered the amendment reducing the 80 per cent, as provided in the House text, to 25 per cent. I adopted 25 per cent because I do not believe that I could secure the approval of an amendment that made no provision for returning anything to the State and because it is existing law, and with the hope that in the next year or two the situation may be so clarified that we may determine just what is wise to be done. I have in view the recommendations of the tax commission which has been function-

ing for many years, and which has considered the subject with a great deal of earnestness and ability, and has made certain recommendations with which the Senator is familiar, among them being that at least for six years there should not be a repeal of the estate tax.

Mr. FLETCHER. Their first impression was that the Federal Government ought to retire entirely from the field, that they ought not to continue this law and the imposition of estate taxes, and then they finally thought perhaps we ought to continue for six years. That was not the unanimous vote of the commission, but a majority favored a leeway of six years before the Federal Government actually retired. Really they favor leaving that field of taxation entirely to the States.

Mr. KING. I think perhaps that is true. I think that some members of the commission are in favor of the abolition of inheritance taxes absolutely, not only in the field of the existing Federal law but also the repeal of State laws which provide inheritance or death taxes. There are some members who took a different view. But in view of the complexity of the State legislation, its many incongruities and inconsistencies and the injustices which follow, the fact that there are isles of refuge being established, and among them the most beautiful being the State of Florida, and in view of other questions which I shall not intrude now upon the time of the Senator to discuss, they reached the conclusion that it were better for at least six years not to repeal the Federal estate tax law. It does seem to me we could very properly follow the admonition, or at least the recommendation, of the tax commission in dealing with the subject to-day. I am not in sympathy, however, with their view, as I recall their view, that we should credit 80 per cent back to the States.

Mr. FLETCHER. I think that originated in the fertile brain of somebody who had some idea that it would tend to promote uniformity of legislation in the States, and that was the purpose of the device. In my judgment, it vitiates the whole title.

I want to make one more point and then I am going to yield the floor, and that is that Title III is void in its entirety. The courts would not simply hold that paragraph (b) is void, but would hold that the whole title is void if the question should be raised before it. I cite as to that proposition what Chief Justice Shaw said in Warren against Charlestown:

> It is elementary that the same statute may be in part constitutional and in part unconstitutional; and, if the parts are wholly independent of each other, that which is constitutional may stand, while that which is unconstitutional will be rejected. And in the case before us there is no question as to the validity of this act, except sections 27 to 37, inclusive, which relate to the subject which has been under discussion; and as to them we think the rule laid down by Chief Justice Shaw in Warren *v.* Charlestown (2 Gray, 84) is applicable—that if the different parts "are so mutually connected with and dependent on each other, as conditions, considerations, or compensations for each other, as to warrant a belief that the legislature intended them as a whole, and that if all could not be carried into effect the legislature would not pass the residue independently, and some parts are unconstitutional, all the provisions which are thus dependent, conditional, or connected must fall with them." Or, as the point is put by Mr. Justice Mathews in Poindexter *v.* Greenhow (114 U. S. 270, 304; 5 Sup. Ct. 903, 962): "It is undoubtedly true that there may be cases where one part of a statute may be enforced as constitutional and another be declared inoperative and void because unconstitutional; but these are cases where the parts are so distinctly separable that each can stand alone, and where the court is able to see and to declare that the intention of the legislature was that the part pronounced valid should be enforceable, even though the other should fall. To hold otherwise would be to substitute for the law intended by the legislature one they may never have been willing, by itself, to enact."

Applying those rules to the legislation now pending, it must fall. The purpose here is to promote uniformity. One way of accomplishing it and the selected way of accomplishing it as devised is to insert paragraph (b), which provided a deduction of 80 per cent of the Federal tax where an inheritance tax is paid in the State, and the two go together. The purpose is there; the purpose could not be accomplished without the two going together; and if paragraph (b) falls, the whole title must fall; and therefore I say that the committee amendment ought to be adopted repealing all estate tax laws, striking out Title III.

Mr. SIMMONS. Mr. President, may I interrupt the Senator a moment?

Mr. FLETCHER. I yield to the Senator from North Carolina.

Mr. SIMMONS. Camouflage the situation as anyone will, I think it is generally understood—certainly it is very clear to me—that the purpose of retaining the inheritance tax is not to raise revenue to meet the necessary expenses of the Government, but it is for the purpose of enforcing uniform legislation on the part of the States with reference to inheritance taxes.

The Senator probably knows that the governors of thirty-odd States appeared before the Ways and Means Committee of the House, urging that the Federal Government retire from this field of taxation and leave it entirely to the States. That proposition and that insistence on the part of the governors of the several States was met by the Ways and Means Committee of the House with the proposition that they would so adjust the provisions of the bill as to give four-fifths of the entire receipts derived from the Federal inheritance tax to the States in order to induce them to conform their laws to this requirement of the United States Government, to bring about uniformity in the State laws. That was the purpose. My understanding is that the Government will realize net but very little revenue from the tax, and that this tax is not being advocated for the purpose of revenue but for the ulterior purpose of enforcing uniformity in taxation of inheritances by the States.

Again, the Senator said that we have never resorted to this form of tax except in cases of great pressure resulting from war. The Senator should have said "from war or threats of war." In 1796, when we levied it, we were threatened with war between this country and France, and to be prepared for that possibility it was found necessary to raise an additional amount of revenue, and we resorted to an inheritance tax. In 1916 we were not at war with any nation upon the earth, but a war was raging in Europe in which it was feared that we might be drawn. The public mind was apprehensive. There was a demand from one end of the country to the other that we should put ourselves in a state of preparedness. It was the preparedness argument that started the Government upon unknown and unheard-of expenditures at that time. We in that emergency enacted the law of 1916 imposing a tax upon inheritances.

It is true that in the year 1916 our expenditures were not very much greater than they were in the preceding year.

But that tax was not levied to raise revenue for the year 1916; it was levied for the purpose of raising revenue for the year 1917, in order to meet the extra expense that we recognized would be entailed upon the Government as the result of the preparedness program. It was in 1917, therefore, that the Federal inheritance tax began its operation.

What happened in 1917? In 1917 our expenditures, by reason of the preparedness program, rose from $741,000,000 for the year 1916 to $2,086,000,000 for the year 1917. Even after the imposition of the inheritance tax our receipts were during that year only about half sufficient to cover our expenditures. I wanted to make that clear to the Senator.

Mr. FLETCHER. I am very glad that the Senator brought those figures out.

Mr. LENROOT. Mr. President, may I interrupt the Senator just once more?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Wisconsin?

Mr. FLETCHER. I yield.

Mr. LENROOT. Is it the position, then, of the Senator from North Carolina that it is proper to levy an estate tax in anticipation of war expenses, but that it is wrong to levy one when the expenses have been incurred and not paid?

Mr. SIMMONS. Mr. President, if the Senator from Florida will pardon me, we anticipated this heavy expenditure, and it was even heavier than we anticipated. We levied the tax to increase our revenue for 1917 from $782,000,000 in 1916 to $1,124,000,000 in 1917; but even after we had increased our levy, almost doubling the amount of the tax that we raised in 1917, our revenues fell short by $1,000,000,000 of meeting the increased expenditures of the Government as the result of our entrance upon the program of preparedness for what we anticipated possibly might be impending.

Mr. FLETCHER. Mr. President, the Senator from Wisconsin [Mr. LENROOT] of course does not intend to say that we are not now engaged in a program of reducing taxes. We are not keeping up the high levies, the war duties, or anything of that kind, but we are in this bill reducing the war taxes all along the line.

Mr. LENROOT. Yes; and this bill does propose to reduce the estate taxes, but the Senator wants to wipe them out altogether. He does not, however, propose to wipe out altogether taxes on incomes of $5,000 or $10,000 a year. Why does he not?

Mr. FLETCHER. I think we ought to wipe this tax out, as I have undertaken to say, because we never have in all of our history imposed this species of taxation upon the people except in some great emergency. The first law for this pur-

pose was passed in 1797. The bill to which the Senator from North Carolina [Mr. SIMMONS] referred in 1916 was passed in September to provide taxes, as he has stated, for 1917.

Mr. SIMMONS. And I want to remind the Senator also that we have never considered the income tax as an emergency tax. It is the inheritance tax which we have treated as an emergency tax.

Mr. FLETCHER. We adopted a constitutional amendment for the purpose of providing for income taxes, but this does not come under that constitutional provision. This is not an income tax. This is a tax on capital, pure and simple.

Mr. LENROOT. No; the Senator does not mean that.

Mr. FLETCHER. It is an emergency tax. I have already discussed that, and I will not take up more time about it. We failed to repeal the inheritance tax law which was enacted in a time of emergency after a reasonable lapse of time; we waited longer about repealing it than we ever have any statute of the kind in the past. I submit, Mr. President, that there is no need to undertake to pass legislation of this kind. In my judgment, the courts are just as certain to declare it to be unconstitutional as they are certain to declare the act of 1924 to be unconstitutional if the subject shall be brought to their attention, as, of course, it will be.

Mr. SIMMONS. Mr. President, in effect, this is a tax upon capital, and a direct tax upon capital. There is but one thing that removes it from the constitutional inhibition against the Federal Government's levying a direct tax upon capital except through apportionment among the States, and that is that the States, forsooth, have established a system of inheritance taxes based not upon the fact that a decedent owned so much property but based upon the fact that the State has conferred upon the decedent the right to bequeath his property, has conferred upon the heirs of the decedent the right to inherit his property, and the State levies the tax upon the privilege. The Federal Government says, "I have a right to take advantage of that privilege, and I impose this tax upon the privilege of succession and inheritance." So the Federal Government, by taking that position, has avoided what otherwise would have been a constitutional inhibition. If there were no such excuse for levying this tax upon the part of the Federal Government, then it would be a direct tax upon property; and it would be unconstitutional unless the Federal Government provided for its apportionment among the States. It is, in effect, a tax upon capital, and a tax upon nothing but capital. It is a tax of a certain per cent on the value of the property left by a decedent at death, and in that sense it is a direct tax upon property.

The Federal Government, however, was able to protect itself against the claim of unconstitutionality by asserting that it was a mere tax upon the privilege of succession or inheritance.

Mr. KING and McLEAN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Florida yield; and if so, to whom?

Mr. KING. As I first addressed the Chair, I think I have the floor. I desire to take the floor, but I will yield to the Senator from Connecticut.

Mr. McLEAN. I do not care to take the floor for a speech, but before the Senator from Florida [Mr. FLETCHER] closes I should like to offer a suggestion to him. If, however, the Senator from Utah [Mr. KING] desire to discuss this subject at some length, I will not interrupt him.

Mr. KING. I am willing to yield to the Senator from Connecticut in order that he may propound his question.

Mr. McLEAN. I am very much interested in the position which has been taken by the Senator from Florida [Mr. FLETCHER.] and the Senator from North Carolina [Mr. SIMMONS], which is entirely correct in my opinion. Strictly, perhaps, an inheritance tax is not a tax on capital, but it seems to me, by whatever process you flank the Constitution as a matter of fact it is a direct tax on capital in its effect.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Utah?

Mr. McLEAN. I yield.

Mr. KING. Is not a tax upon all property in effect a direct tax? Take, for instance, the unoccupied real estate in the Senator's State.

Mr. McLEAN. I have not finished my point. We pretend that we want to tax ability to pay. I think we not only should pretend to tax ability to pay, but should confine our taxes as far as possible to ability to pay. That means that we must in a large measure tax profits. When we impose an inheritance tax we impose it regardless of ability to pay on the part of the man who pays the tax.

A son who inherits a large property, a going concern, a mercantile establishment, or a factory thinks he has inherited great wealth possibly, but, if the factory is running at a loss it is worth less than nothing to him unless he disposes of it at a great sacrifice. The resources of the inheritance taxpayer are frequently weaker than those of the devisor or person from whom he inherited the property. A son who inherits a property may be young, or the person who inherits may be the widow; the property inherited may be an apartment house or a hotel or a factory; and, perhaps, there is not the previous efficiency of management; there is not the superintendence; there is nobody to take care of it possibly, unless some one is called in from outside for that purpose. To pounce upon that property and impose a heavy tax, if it comes at a period when no profits are being made, frequently may result in serious consequences. I submit that we are violating the principle upon which we base our Federal taxes—namely, taxing profits or capital gains or incomes which represent profits.

There is one other point to which I wish to call the attention of the Senator from Florida.

Mr. FESS. Mr. President, will the Senator before he leaves this matter allow me to interrupt him?

Mr. McLEAN. Yes.

Mr. FESS. I see the problem, I think, as the Senator from Connecticut does, that an inheritance tax in its result is a capital tax, and legislation that attempts to relieve the situation so as not to make too great an invasion on the use of the capital shows that the legislator has looked upon it as a capital tax. But this is what bothers me: It is certainly a system of taxation that is well established in many of the States and certainly in Europe; and although it appears to me that the Senator from Florida is entirely consistent, being opposed to all estate taxes, both Federal and State——

Mr. McLEAN. That is the point I am coming to next.

Mr. FESS. Yet as it is a system of taxation well established, which would be the better plan to accept?

Mr. FLETCHER. Mr. President, may I say to the Senator that I am making no quarrel whatever with anybody who favors an inheritance tax in the States. It is a matter for each State to settle for itself. Many States impose it; many States favor it; and many people favor it. I am making no suggestion even about that. I am only saying that it is a question for each State to settle for itself, and I am saying that the Federal Government never has attempted to impose this kind of a tax except in case of war or to meet a great emergency, and as soon as the emergency was over invariably it has retired from the field and repealed the legislation. That is the history of it from 1797 down to date.

Mr. KING. Mr. President, I will say to the Senator, as I think I have the floor in my own right——

Mr. McLEAN. Mr. President, I should like to answer the question propounded by the Senator from Ohio.

Mr. KING. I beg the Senator's pardon. I thought he was through.

Mr. McLEAN. No; I had not finished, and I shall be obliged if the Senator will indulge me about three minutes more.

Mr. KING. Very well.

Mr. McLEAN. It was stated here the other day by several Senators, and I think the Senator from Nebraska [Mr. NORRIS] stated, that the inheritance tax was recognized by all of the authorities as a wise and just system of Federal taxation. I have read some of the authorities on this subject, and I find that one authority—and I think we will all recognize that he is a high authority; I refer to Professor Seligman—is directly opposed to the imposition of a Federal inheritance tax.

Mr. FESS. And no Senator on the floor is better informed on the subject than the Senator from Connecticut.

Mr. LENROOT. Professor Seligman has changed his mind.

Mr. McLEAN. He may have changed his mind. I have here, however, the latest edition of his work on the income tax.

Mr. KING. Who is the author of it?

Mr. McLEAN. Professor Seligman.

Mr. KING. Professor Seligman has argued in favor of it recently before the committee——

Mr. LENROOT. Yes.

Mr. KING. And he made a very full and complete speech recently in the tax conference affirming his belief in it.

Mr. McLEAN. Let us see how consistent he is. He is discussing the income tax of 1894. Senators will remember that at that time we imposed a 2 per cent income tax on all incomes exceeding $4,000.

Mr. FESS. Was that when the income tax was pronounced unconstitutional?

Mr. McLEAN. Yes; and in that tax there was included a tax at the same rate on gifts or inheritances; that is, at that time a gift or an inheritance was considered as income. The professor devotes two pages to a discussion of the inheritance tax as a proper Federal tax. He may have modified his opinion since that time, but I think that the discussion of the subject in his book is much sounder than any opinion he has expressed recently.

I quote:

The third objection is one to which we have already alluded, the incorporation of an inheritance tax into the income tax law. It was discussed above rather from the point of view of the theory of income. To say, however, that the inclusion of inheritances is unscientific does not settle the question whether it was correct to tax inheritances as such.

It is, after all, immaterial whether the law provides for a separate inheritance tax or whether it is made a part of a nominal income tax. The real question is, Was it wise to impose an inheritance tax at all?

To answer this query it is necessary to consider the relations between Federal and State taxes. From the very origin of our Government it has been the practice to make a difference between the two and to apportion to each government certain sources of revenue upon which the other should not encroach. This principle has been violated only in some periods of extraordinary emergency, or at other times in some minor legislation, as, for instance, in the case of the whisky taxes in Delaware and Kentucky, which conflict with the national internal-revenue system. But the introduction of the inheritance tax, even in the modified form of a tax on successions to personal property only, is a serious break with this principle of differentiation or segregation of source.

I ask the Senate to pay particular attention to this:

One of the chief steps in the reform of American finance has been the growth of the inheritance tax as a Commonwealth tax and its development, together with the corporation tax, as a main, or in some cases almost an exclusive source of Commonwealth revenue, thus permitting the other sources of revenue to be relegated to the local divisions. The imposition of a Federal inheritance tax, while perfectly justifiable in itself, would tend to check this salutary development.

That is, the development of the State taxes along the line of the inheritance tax, the corporation tax, and the license tax.

It would supply the Commonwealths with a reason for not adopting the inheritance tax as a source of State revenue and it would render far more difficult a rounding out and logical arrangement of the entire tax system.

It may be said that just as an income tax is far better as a national than as a State tax, because so many complicated questions of domicile and double taxation are avoided, so in the same way, and largely for the same reasons, a Federal inheritance tax is preferable to a State inheritance tax. But even if this be true, the advantage is dearly purchased at the cost of an entire reversal in the march of progress toward a consistent and logical revenue system for the entire country. It may be possible to find some method of filling the gap created in the Commonwealth tax system. But it seems a pity, to say the least, to check a promising movement when the difficulties of making any changes at all are so great as in the local tax systems of the United States at present.

I do not care what the professor has said since then; it seems to me that his position taken in 1914 is absolutely sound. If we are to encroach upon the powers of the States in securing their revenues by insisting upon an inheritance tax, we are disarranging and so interfering with the logical and sane adjustment of this question that in my judgment the time will come when we shall have to stop the assessment of inheritances by the United States.

Mr. SIMMONS. Mr. President, will the Senator pardon me just a minute?

Mr. KING. Certainly.

Mr. SIMMONS. At that particular point I desire to say that so far as I am concerned—and I think that was the idea of the governors in coming up here to petition the Ways and Means Committee against levying a Federal inheritance tax—I am actuated by the same principle that they were, not to relieve wealth of this tax. I think it is a proper source of revenue. It has been fruitful for the Government in the emergency through which we have just passed. It is a fine source of revenue to the States; but if the Government continues its heavy levy, to that extent it makes it unavailable to the States, and the States have been forced by reason of the high Federal inheritance tax to reduce their inheritance levies to a minimum. The Federal Government needed this tax at the time it imposed it. It would not have imposed it unless it had needed it. The history of this tax, so far as it has been imposed by the Federal Government, is that it has been imposed only when the Government actually needed revenue because of some tremendous and unusual demand upon the Public Treasury, such as war or preparedness in prospect of war. Now, the need for it, so far as the Government is concerned, has passed. The States need for this revenue, their need to resort for increased taxes to this revenue, is just as much accentuated by the conditions that exist in the United States to-day as the demands and reasons of the Government for levying it were accentuated by the conditions that existed when we were about to enter the war with Germany.

Mr. McLEAN. The Senator reminds me of an illustration which I should like to insert here. Take the corn States, about which we hear so much at the present time—the seven corn States that need relief. Their bonded indebtedness in 1912 was $700,000,000. In 1922 it was $1,700,000,000, and I presume to-day it is $2,000,000,000. If they can borrow that money at 4 per cent, there are $80,000,000 of taxes which they must get somehow to meet the interest charges on their bonds. In the last census the assessed value of the visible property in those seven States was $80,000,000,000. That property, we must assume, is taxed, and if the rate were 15 mills upon the dollar—and I think that is a low average in most of those States—you have $1,200,000,000 to raise in direct taxes imposed upon the real property in those States, and if you add the $80,000,000 interest you have $1,280,000,000. Now, Mr. President, if we insist upon this inheritance tax and deprive the States of resorting to it, it seems to me that the farmers throughout this country are bound to suffer by an increase of direct taxes upon their real property.

In my own State we raise our State revenues from corporation taxes, license taxes, and inheritances. We have an inheritance tax. We have not resorted yet to a direct tax on real estate for the purpose of paying expenses, but if we are deprived of the privilege of this inheritance tax we may have to resort to a State tax upon our real estate. That hits the farmer; and I can not conceive how the gentlemen who are interested in the farmers of the country, the great agricultural interests, can insist upon a continuance of this inheritance tax, because it seems to me that it must be reflected in an additional tax upon real property.

Mr. SIMMONS. And every cent that the States will realize from this tax will reduce the ad valorem tax of the farmer, the laborer, the small householder, and the small business man to that extent.

Mr. KING. Mr. President——

Mr. SIMMONS. If the Senator will pardon me just one word, what I wanted to say to the Senator a little while ago was this:

The Federal Government now proposes, as I understand, substantially to retire from this field of taxation for revenue purposes. It does not need to resort to it any longer. The States, however, as I said a little while ago, by reason of conditions that have been created largely as a result of the late war, need it as they never needed it before. Everybody knows that all the States of this Union within the past five or six years have entered upon vast schemes of internal improvement, some of them made absolutely necessary by new conditions growing out of new inventions and development. When we did not have the automobile the rural population were getting along very well with the old-fashioned dirt road. When the automobile came it made it absolutely necessary, if we were to take advantage of this improved method of travel and transportation, for us to enter upon the great and extensive work of building hard-surfaced roads throughout the country. In order to do that an enormous burden is entailed upon the States, the counties, and the municipalities—the counties in building county roads, the States in building State roads, and the towns in building paved streets—and that fact alone, if we were not to consider the other modern improvements that the States have recently entered upon that they never thought of before, has enormously increased the burden of local taxation.

If all of that money has to be raised by ad valorem taxes imposed upon every acre of land and every little home and every little business in this country, it will be oppressive and burdensome to the last degree. Now, then, we have this situation: The Government does not need this source of revenue for the purpose of meeting any emergency and it has resorted to it heretofore only in order to meet an emergency; but the States have an emergency growing out of present conditions just as great for them as was the emergency which war imposed upon the Federal Treasury. What I am insisting upon is not, as some Senators upon this floor have seen fit to contend, to untax wealth, to untax the States. What I am insisting upon, and all I am insisting upon, is that we transfer this source of revenue from the Federal Government, which does not need it, to the States, which do need it.

Mr. WILLIS. Mr. President——

The PRESIDING OFFICER (Mr. BAYARD in the chair). Does the Senator from Utah yield to the Senator from Ohio?

Mr. KING. I have been yielding for half an hour; but I will yield to the Senator.

Mr. WILLIS. Very briefly, I just wanted to pursue the argument that has been made just now by the Senator from North Carolina and the Senator from Connecticut.

This complaint is heard—at any rate I hear it—that our efforts, and successful efforts, to reduce Federal taxation do not to an appreciable extent reach a great many of the people who are now complaining about the excessive burdens of taxation. They do not know just how it comes. They read in the papers that we reduced taxation $300,000,000 a year, but somehow it does not show upon their tax receipts.

As the Senator from North Carolina and the Senator from Connecticut have pointed out, if the Federal Government is to seize upon this source of revenue, not only in time of emergency but permanently, then it is absolutely inevitable that local taxation must be increased to meet the increased expenses of the States and various municipalities, the counties, and so forth.

On the other hand, if this is held simply as a fund to which access can be had in case of emergency, then it is left to the States, and they may have access to it, and the inevitable result will be, if they utilize that resource, that it will tend to lighten the burdens of local taxation and thus afford the remedy that we are all trying to afford.

Mr. SIMMONS. Everybody would get the benefit of it.

Mr. WILLIS. Absolutely.

Mr. KING. Mr. President, one of the most controversial provisions in the pending revenue measure is that dealing with estate taxes. Divergent views are taken by the House and Senate, the former declaring for a modified form of estate taxes, the latter insisting that the Federal Government shall collect neither inheritance nor estate taxes.

There are some Senators who believe that estates should be taxed, but that the States alone should exercise the right to tax them. There are others who insist that the Federal Government should enter this field of taxation, both in days of peace and in times of war, and derive a portion of its revenues therefrom. Throughout the country divergent views exist respecting this subject, and it is evident that there is a growing sentiment against the Federal Government imposing inheritance or estate taxes except in a national emergency.

This feeling is in part due to the fact that the growth of the States, and the more complicated industrial and social conditions, devolve upon them greater burdens and obligations. The result is that annual expenditures are increasing, and the sources of taxation are not enlarged. The States are spending hundreds of millions of dollars for roads and schools and internal improvements and other activities which they regard as important for the happiness and welfare of the people.

I have sometimes felt that the States and their municipalities, and other political subdivisions have been entirely too prodigal in expenditures and have assumed obligations not warranted and in many instances wholly unjustified. And there are evidences that many appropriations have been extravagant and wasteful. The readiness with which State and municipal securities have been marketed has, in my opinion, led to many improvident undertakings and to many unwise, if not foolish, expenditures.

The bond issues which have been put out during the past few years by the States and their political subdivisions amount to a stupendous sum and compel the conclusion that the entire country is suffering from a feverish malady which leads to excesses of various forms, and departures from the safe and sound paths of thrift and industry which have been regarded as attributes of American character. The war produced a frenzied condition, and the inflation both in currency and credits has contributed to this unnatural condition and strengthened the disease which manifests itself in extravagance and prodigality in public as well as in private life.

Undoubtedly there are reasons why the Federal Government should not resort to the estates of decedents for revenue, particularly since corporate taxes and personal-income taxes are such prolific sources of revenue. If the National Government will exercise proper economy, it should within a few years be able to meet its annual budget from customs duties, corporation and personal-income taxes, taxes upon tobacco in its various forms, and perhaps a limited number of excise taxes. For the present, however, I am in favor of the Federal Government obtaining some revenue from estate taxes.

In 1917 and 1918, I was one of the few Senators who indicated that as a general rule, Federal taxes should not be levied upon estates. I believed that with the heavy burdens which the States would have to bear and the rather limited field of taxation available to them, so far as possible estate and inheritance taxes should be left open for them. I indicated then, however, that if States for various reasons should not avail themselves of this source of revenue, or if unjust estate and inheritance taxes were imposed, a situation would be presented which would not only justify, but perhaps require the Federal Government to utilize the estates of deceased persons as a source of revenue.

I believe it just that estates should contribute to the Federal Government to meet the heavy burdens of the war, and I have felt that under the present conditions with a burden of $20,000,000,000 still resting upon the people, this source of revenue should still be resorted to.

The Senator from North Carolina [Mr. SIMMONS] has just indicated that it is improper, if not unjust, for the Federal Government to tax estates, because in so doing it deprives the States of the opportunity of imposing inheritance or estate taxes. It is argued that this will compel the States to resort to other sources of revenue. Of course, it must be admitted that with the Federal Government collecting estate taxes, there is a growing disinclination upon the part of the States to seek revenue from the same fields. I shall show, however, before concluding my remarks, that the States have availed themselves but little of estate or inheritance taxes to meet their heavy burdens; and it must be obvious that with certain Budget requirements by the Federal Government, if it derives no revenue from estates, it will be compelled to increase the taxes upon corporations or individual incomes or to expand the excise system which is so obnoxious in peace times. The largest annual tax ever collected by the Federal Government from estates was $154,000,000. By so doing taxes were lowered in other directions.

The Senator from North Carolina has been solicitous, and properly so, for the welfare of the States and the farmers, and the Senator from Connecticut [Mr. MCLEAN], who has just spoken, has insisted that all agricultural States should join together in a solid phalanx in opposition to this tax, because they have heavy responsibilities to meet. Undoubtedly the States are to be considered in all legislation; and agriculture, because of its paramount importance, will always have the attention of Congress when it is dealing not only with revenue legislation but with substantially all matters.

I agree with the statement made by various Senators that the integrity of the States must be preserved and their rights not infringed. I regret that some of the Senators who have given expression to these views have heretofore exhibited less interest in the rights of the States and in local self-government even when important measures were before Congress; measures which assailed the integrity of the States and infringed upon personal liberty.

I do not think that it can be successfully maintained that a Federal inheritance tax is an attack upon the States or an interference with local self-government. If it were, it would be unconstitutional. But no one dares to question the constitutionality of a Federal inheritance or estate tax. It is true that States provide for the devolution of property, and the rights of individuals in property are fixed and determined by the sovereign States.

But conceding this, it does not follow that it is unconstitutional for the Federal Government to obtain revenue from estates. In a sense, property obtained by devise or gift or bequest, is income, and if an income tax is not illegal or immoral, it would seem that there is no illegality or immorality in taxing the property of deceased persons which becomes income in the hands of heirs or devisees.

The maximum amount collected by the States in any one year was approximately $82,000,000, and this notwithstanding the fact that the returns of estates for that year in excess of $50,000 aggregated $3,000,000,000. It would seem therefore that States were unwilling to avail themselves of this productive source of revenue.

It is worthy of note that a number of States, instead of resorting to the estates of decedents for revenue, are deliberately announcing their purpose to not collect inheritance or estate taxes.

Florida has amended her constitution, and as amended, her legislature is prohibited from imposing any form of estate or inheritance tax. Nor does Nevada obtain taxes from this source, and we are told that one or more additional States purpose adopting Florida's policy. Moreover, it is a matter of common knowledge that a number of States are encouraging emigration by not imposing income taxes and very low rates of inheritance or estate taxes. It can not be denied that many individuals are establishing domiciles where State income taxes

are not imposed and where there are no inheritance or estate taxes. It is a matter of common knowledge that hundreds of wealthy individuals maintain a nominal residence in the District of Columbia, because there are no inheritance or estate or income taxes collected by the District government.

Can anyone deny the effect of the constitutional provision in Florida to which I have just referred upon migration to that State? We are told that there has been an enormous increase in Florida's population during the past year, and that many wealthy persons have established their residence therein.

It is unprofitable to moralize upon this subject; we all know the propensities of human nature and the disposition even upon the part of persons of the highest virtue and morality to protect themselves and their property from tax burdens. Investments are made in securities which are tax-exempt for the purpose of avoiding taxation. Industries are established or property acquired because the city or county or State has a low rate of taxation.

So in discussing the question of estate taxation and the relative rights of the Federal Government and the States to resort to estates for revenue, there are various questions to be considered. We can not ignore the facts to which I have just referred, and the seeming disposition of States for reasons which they deem sufficient to obtain their revenue from other sources than estate or inheritance taxes.

I do not approve of the Federal Government adopting any course which might be considered as coercive of the States. I have therefore opposed the proposition to remit to the States 80 per cent of the tax levied under the House bill, or 25 per cent of the tax levied under existing law in those States where inheritance or estate taxes were or may be levied equivalent to the amount derived from either percentage. If the Federal Government levies estate taxes, it should be because of its need for the revenue and because it believes such tax to be just and fair. But I shall discuss this matter later in my remarks.

Mr. President, the Progressive Party declared in favor of a Federal inheritance tax, and Mr. Roosevelt in his writings earnestly supported this view not only as a means of revenue but for the purpose of equalizing wealth. I do not approve of the levying of taxes for the purpose of equalizing wealth.

The Progressive Party pledged itself to enact—

> such a Federal law as will tax large inheritances, returning to the States an equitable percentage of all amounts collected.

Mr. President, a number of Senators who have spoken declare that it is socialistic for the National Government to impose inheritance or estate taxes, but they perceive nothing socialistic for the States to collect death dues. They insist that it is absolutely necessary for the States to exclusively enjoy this field of taxation. I can not perceive how it is socialistic for the Federal Government to tax estates and antisocialistic for the States to impose this tax.

When attention is challenged to the comparatively small revenue collected by the States from this source, no satisfactory explanation is offered for their apparent lack of interest in this matter. One would suppose that if this field of taxation was so imperatively required by the States, they would have resorted to it more freely than has been the case. But as I have stated, the tendency seems to be in the other direction. Indeed, many of the witnesses who appeared before the House committee, and many of those who are the strongest opponents of the estate tax feature of the House bill, boldly declared their opposition to all estate or inheritance taxes, basing their position upon the ground that it is a tax upon capital, that it is socialistic, and if not unconstitutional, is inconsistent with our political philosophy and accepted governmental principles.

Mr. President, there are some individuals who do not quite understand what socialism is. They often denounce as socialistic anything that is opposed to their industrial or economic or political views. There are too many in the United States who are idolators, worshipping capital and attributing to it a station so exalted and so omnipotent as to be above law or outside the reach of Government. It is only a few years ago when the income tax was denounced as socialistic. Indeed, there are some still who look upon it with abhorrence, as the ill-begotten child of communism and socialism.

It took years of fierce fighting to amend the Constitution of the United States in order than an income tax might be levied by the Federal Government. It was resisted by many men of wealth, by the reactionary forces of the land, and by those who had but scant sympathy with the toiling masses and who were unwilling to bear their part in alleviating the sufferings of the people and in contributing to the great social reforms necessary for the progress and development of our country.

Mr. President, the American people are not communistic, nor will they, without great provocation, give support to socialistic schemes. They believe in individualism and in the democratic principles which grant equal rights to all and special privileges to none. They want a free field and equal and free opportunity in the field of life. They do, however, look with deep concern upon selfish and predatory wealth and the special privileges and advantages which it seeks and which it has too often secured. They view with apprehension combinations of capital for the purpose of creating monopolies and exploiting the people. Many thoughtful persons are concerned at the great mergers of industrial enterprises and the utilization of capital to promote stupendous organizations to control trade and commerce and the manufacture, sale, and transportation of the commodities indispensable to life. Many regard with dismay the price fixing and various other organizations which seek monopolistic control of all articles entering into the lives of the people, and oppose measures and policies which centralize wealth and power in the hands of the few.

These movements and these dangers should rouse all patriotic people, because if unchecked they will inevitably affect our political and economic life and develop socialistic manifestations. If enormous fortunes are built up as the result of unjust laws or unjust social and economic conditions, and these fortunes and accumulations are massed and united for the control of the industrial, economic, and political life of the people, there will be developed opposition to the conditions which have produced these monopolistic organizations, and demands will be made that the Government take over or regulate and control these organizations and the wealth controlled and utilized by them.

Mr. President, estate and inheritance taxes are advocated by statesmen and economists who are not socialists, but exponents of the highest principles and the noblest forms of democracy. Indeed, some publicists believe that taxes of this character will prevent socialism. Mr. Carnegie advocated heavy estate taxes as an antidote to socialistic manifestations. Mr. Wilson supported measures levying estate taxes for Federal purposes.

I mentioned Mr. Roosevelt. In a letter to Senator Lodge he uses these words:

> All that you say about the tariff is extremely interesting and just about what I expected. As you know, I believe we should have a Federal inheritance tax aimed only at very large fortunes which can not be adequately reached by State inheritance taxes, if they are sufficiently high and the gradation sufficiently marked.

Mr. Carnegie in his book called The Gospel of Wealth, written, I think, in 1890, discusses the question of wealth, its production and its obligations to the State and to society. After referring to the death duties imposed by the British Parliament, he says:

> It is desirable that nations should go much further in this direction. Indeed it is difficult to set bounds to the share of a rich man's estate which should go at his death to the public through the agency of the State, and by all means such taxes should be graduated, beginning at nothing upon moderate sums to dependents and increasing rapidly as the amounts swell, until of the millionaire's hoard, as of Shylock's, at least "the other half" comes to the privy coffer of the State.

Mr. Carnegie further, in an article entitled "My partners, the people," printed in the British Review of Reviews for January, 1907, says:

> The problem of wealth will not down. It is obviously so unequally distributed that the attention of civilized man must be attracted to it from time to time. He will ultimately enact the laws needed to produce a more equal distribution. It is again foremost in the public mind to-day. We have evidence of this in the President's recent speech (April 14, 1906), in which he gives direct and forcible expression to public sentiment.

I might add that Mr. Carnegie was a professed believer in the law of competition. He declared that it is this law to which we owe our wonderful material development. He contended there were but three modes of disposing of wealth: It can be left to the families of the decedents, or bequeathed for public purposes, or administered by its possessors during their lives. The first plan he regarded as injudicious, and he referred to monarchical countries where the estates and the greatest portion of wealth are left to the first son so that the vanity of the parent may be gratified with the thought that the name and title may descend to succeeding generations.

The futility of this plan is observable in Europe to-day. Many successors have become impoverished through their own follies or from causes beyond their control, and in Great

Britain the law entail is inadequate to maintain a hereditary class. The land is passing into the hands of strangers or is being divided up among the children of the owners.

It may not be inappropriate to briefly mention that in Russia, where autocracy prevailed and where the lands were largely in the hands of the Czar, the church, and the nobles, a strong movement had been in progress before the revolution resulting in millions of acres of land passing into the hands of the peasants. The efforts of landed proprietors to prevent a division of or the loss of their lands were abortive, and when the revolution came and the Czar was overthrown a large per cent of the arable lands of Russia, including Siberia, were owned by peasants individually or by them under their village or communal system.

Returning to Mr. Carnegie, he argued that for the best interests of all classes, large estates should not be transferred to the families of decedents, and that the disposition to more heavily tax large estates, manifests a salutary change in public opinion. The laying of death duties, graduated in form, upon estates, he regarded as the wisest possible policy. It induces the rich to administer their wealth during life for the benefit of society, and thus tends to a reconciliation of any differences between the rich and the poor, thus promoting the welfare of the entire social organism. He does not accept the view that this form of taxation prevents individual enterprise or savings, or the accumulation of property.

Mr. President, I referred to the fact that there is an extensive propaganda in the United States in favor of the abolition of estate or inheritance taxes, both by the Federal Government and by the States. This propaganda is taken cognizance of in a recent editorial appearing in the Des Moines Register, a leading Republican paper. It is there declared that—

> * * * whatever confusion or inequality is involved results from the State taxes, not from the Federal levy. The estate tax is being made something of a national issue, and the stock argument is that this form of taxation should be left to the States. Surely such a course would result in but one of two things. Either the States would be induced by the competitive example of Florida to abandon estate taxes or the difficulties would continue or possibly be multiplied.
>
> The appeal to leave estate taxation to the States is really put forth in the belief that it will lead to an entire abolition of this form of taxation. That is the issue now being raised. The voter should not be confused. The need is for greater unity, not less. The last place to attack inheritance taxes is in its Federal application.

The New York Evening Post takes the same position as the paper just referred to. In a recent editorial it states that—

> the inheritance tax by the State is no sounder in principle than the same thing on the part of the Federal Government. Still, the matter must begin somewhere. Repeal of the Federal law will be a good beginning.

It declares that this country is opposed to a capital levy, and assumes that any inheritance tax necessarily must be a capital levy. It speaks about the "battle still raging," and that that is the issue upon which the House Committee on Ways and Means is "already showing signs of boggling." So I suppose the Committee on Ways and Means of the House have incurred the displeasure of this great journal and must be charged with having "boggled" this important issue.

The Government may tax the living, but it may not tax the property of the dead. The taxes upon incomes may be so heavy as to prevent accumulations. That is not taxing capital according to the view of those who are seeking to repeal the inheritance taxes. Why is not property income which is received by gift or as the devisee or legatee of a decedent? Is there any greater sanctity in it than property which comes as the result of toil and labor? Many legislators are differentiating between the unearned increment and property which is the result of labor. In the very bill before us we distinguish between earned and unearned income, taxing the former when under $20,000 less than the latter.

Mr. President, there are many evidences that back of the movement to secure the repeal of the Federal estate tax is the scheme to abolish State inheritance and estate taxes. Undoubtedly there are many rich people in the United States who are hostile to any form of inheritance tax, but are masking their true feelings and professing great solicitude for the States and a consuming desire that they shall have this source of taxation exclusively. Accordingly, they are opposing the House bill, or any proposition for a Federal inheritance tax. If successful in abolishing the Federal estate tax, their next assault will be upon all forms of State inheritance taxes. That their propaganda is bearing fruit must be admitted, and the evidences of their success must be gratifying to them.

The Senate Finance Committee, of which I am a member, with but one exception favored the abolition of the Federal estate tax and struck from the bill the House provision. I regret to say that after full consideration of this subject by the committee all of its members, except myself, voted to repeal the tax. I regret that my Democratic associates felt constrained to follow the Republicans. I believe their course to have been inexpedient and unwise and their views unsound. I think to repeal this tax at the present time most injudicious and manifestly unjust.

At the expense of reiteration, I want to emphasize that existing conditions do not justify this radical legislative step. We are owing $20,000,000,000, resulting from the war. We have repealed the excess-profits tax. This bill relieves the very rich and those whose incomes are more than $100,000 of tens of millions of dollars in annual taxes to the Government. The provisions of the bill dealing with surtaxes have been too favorable, in my opinion, to those who have incomes in excess of $100,000. Surtaxes in the upper brackets have been reduced from 40 to 20 per cent, and the incomes appearing in the lower brackets have likewise been most generously reduced.

The provisions of the House bill reduced the maximum taxes upon estates from 40 to 20 per cent. But with all these reductions, the opponents of inheritance taxes are not satisfied, and the Finance Committee has yielded to the demands of the opponents of the Federal inheritance tax, and has stricken it from the bill. Not satisfied with that, the bill is made retroactive, thus relieving the estates of decedents, where the tax has already been levied, of tens of millions of dollars.

I am utterly unable to comprehend the solicitude of the committee for the estates of rich decedents, and their anxiety to relieve the estates of many individuals who have left properties totaling hundreds of millions of dollars in value from the payment of a small tax to the Government—a Government which has protected them and under which they amassed their enormous fortunes. Moreover, we know that many of these estates received large accretions during and by reason of the war. Those who accumulated them profited by the war. They made hundreds of millions through and out of the war, and yet with these heavy war obligations hanging over the country the proposition is to free these estate from any contribution whatever to discharge this stupendous war indebtedness of $20,000,000,000.

And again, many estates own tax-exempt securities amounting to millions, which have thus far escaped taxation. But none of these arguments appealed to the Finance Committee, and with remarkable unanimity, Republicans and Democrats alike, voted to strike from the tax bill the entire provision imposing Federal estate taxes.

My loneliness and isolation in the committee brought no sympathy from my colleagues, but it is apparent from the attitude of the Senate—as I have been able to judge of it during this debate—that a majority of my colleagues here will support my position rather than that of the other members of the Finance Committee.

I have just referred to tax-exempt securities held by estates. I recall that one of the witnesses before the Committee on Ways and Means testifying in favor of the Federal estate tax declared that:

> We are developing a class of suit-case millionaires who have obtained large holdings of tax-free securities. They establish no domiciles and avoid taxes, and if they finally attach themselves to a State such as Florida or to the District of Columbia, they escape all forms of inheritance or estate taxes.

This witness insisted that a Federal death tax upon tax-exempt securities was the only way in which their owners could be compelled to contribute a fair share to the public welfare.

The Senator from Florida [Mr. FLETCHER] said that an estate tax is exclusively a war-time tax. Mr. President, I do not assent to this view. It is true that it has been imposed during our periods of war, but it was also imposed when there was no war. It was imposed during the Spanish-American War as well as during the Civil War and in the early days of the Republic. In 1916 it was made a part of our Federal revenue system, with the approval of the entire Democratic Party. It has found a secure place in the revenue systems of many civilized nations, and supplies a portion of the revenues in peace as well as in war. In Great Britain the last tax bill increased inheritance taxes on estates from £12,500 to £1,000,000 by a graduated tax of from 1 to 6 per cent. The

income tax was slightly reduced and the inheritance tax was increased.

For the fiscal year 1924 there were collected by the various States of our Union approximately $82,000,000 from estates, and in 1925 by the Federal Government $101,421,766. In the fiscal year 1924 Great Britain collected more than $231,000,000 as death dues, though her national wealth does not exceed $88,000,000,000, whereas our national tangible wealth amounts to $320,000,000,000. There have been collected by the Federal Government from 1917 to 1925, inclusive, estate taxes aggregating $863,750,842.

Permit me to say in passing that the Federal Government has contributed to the States to aid them in purely State and domestic matters more than $570,000,000 during the same period, so that if the Federal Government has collected estate taxes it is returned to the States to aid them in the performance of obligations which belong to them under our dual form of government a sum nearly as large.

Mr. President, no one criticizes the inheritance tax laws of Great Britain, notwithstanding the enormous amounts annually collected. In my opinion it is neither socialistic nor immoral to collect taxes from the estates of decedents, nor is it—and I shall discuss that question later—a tax upon capital.

Mr. President, the American Farm Bureau Federation has given careful study to this matter, and I wish to submit somewhat at length the views of this organization. In the brief which is submitted to the Ways and Means Committee this organization declared that it regarded the repeal of the Federal estate act as unwise at this time. It supports the fundamental principle of taxation, that all taxes should be levied in proportion to taxpaying ability.

May I pause for a moment to refer to the argument just made by the Senator from Connecticut [Mr. McLEAN]. He contended that in taxing estates, we are denying the theory of taxation announced by Adam Smith, and are not recognizing the principle of ability to pay. So far as the question of ability to pay is concerned, there is no difference in the application of the principle to two individuals, one of whom receives as a bequest from his father $100,000 and another who earns $100,000. The Senator admits that the income tax is just and that it should apply to the $100,000 earned, and that the principle of ability to pay finds expression in its application. But in dealing with the individual who received a bequest which he did not earn, to tax the bequest is a refutation or denial of the principles of ability to pay. In one case it is income, he contends, and can be taxed; in the other, it is property, and must be immune from taxation. It is income because it has been earned by the toil and efforts of the individual and can be taxed. If the $100,000 were bequeathed to the same individual, and were to consist of money, it could not be taxed because it is property.

I do not follow this logic, nor do I follow the Senator when he declares that for the Government to tax it, is tantamount to the destruction of property.

Mr. McLEAN rose.

Mr. KING. Does the Senator from Connecticut desire to interrupt me?

Mr. McLEAN. Mr. President, the Senator from Utah knows that I emphasized the fact that we were taxing, as far as we could, ability to pay, represented largely by profits. If the Senator should inherit a hotel, for instance, that had been running at a loss and he had to borrow money to pay expenses, hoping that when times improved he might make some money, if at that time he had a 20 per cent inheritance tax imposed upon that hotel, I think he would be pretty quick to say, "I am not able to pay this tax now and if I am compelled to pay it I shall have to sell this hotel at a great sacrifice." That is what I meant.

Mr. KING. There is much property of great value which is unproductive, but nevertheless, it is subject to taxation in one form or another. The Senator knows that there are thousands of farms in the United States now unproductive, but taxes upon the same are required to be paid annually. In our cities there are many valuable sites upon which there are no buildings or improvements and which return no income whatever, yet they are taxed very heavily for municipal and State purposes.

There is a presumption that ability to pay accompanies the possession of these holdings. Perhaps no system of taxation which the wit of man can devise will approach the standard of absolute justice, but unproductive property is not relieved from the ordinary State and municipal taxes.

If the Senator implies that inheritance taxes are at variance with the ability to pay or faculty doctrine, then I do not agree with him. A person who obtains property through devise or bequest or as a gift will have the ability to pay the tax, because the property itself may be taken as the measure of his ability. If the property is valueless, he need not accept it. If it is of value, above the taxes, then his ability to pay has been increased by the acquisition of the property to the extent of the value of the property over the total amount of the tax to be paid.

We do not rest the proposition entirely upon the fact that the property must be productive——

Mr. McLEAN. That is just what I am complaining about. If this tax be insisted upon, it will inevitably reflect higher taxes in the States where we have to pay a direct tax, where the poor farmer has to pay direct taxes whether he is losing money or not.

Mr. KING. I do not follow the Senator if it is his contention that unproductive property should not be taxed by the State or by the Federal Government, or subjected to inheritance taxes by the Federal Government. I repeat that unproductive property is directly taxed by the States. If estate or inheritance taxes are imposed, it is also subject to such taxes. Its productivity does not determine whether it shall be taxed or not. Of course, if unproductive, its value is less, generally speaking, than if it were productive, and therefore will pay less taxes. But I repeat that I am unable to perceive why property which may not for the time being yield a revenue, should not be subject to inheritance or estate taxes, either by the Federal Government or by the States. It is, in effect, an income to the devisees or heirs of decedents. No inheritance law, so far as I know, has differentiated between productive property and that which for the time being yielded no revenue.

I do not agree with the Senator that it necessarily follows that a Federal inheritance tax inevitably reflects higher taxes in the States. I have heretofore stated that if the Federal Government derives $100,000,000 of revenue from estates it collects that much less from incomes or corporate or excise taxes which would have to be paid by the people of the various States, and in many States where there is either no inheritance tax collected, or an exceedingly small one, it would seem that a Federal estate tax would be advantageous to the taxpayers of such States, for the reason that they would be required to pay less taxes to the Federal Government. To illustrate, if $10,000,000 are collected from estates in Florida and Nevada and the District of Columbia, where no estate or inheritance taxes are collected for local government, then the Federal Government will collect $10,000,000 less from all the States, and to that extent lighten the burdens of taxation upon the people.

Mr. McLEAN. But that money goes to pay the expenses of the Federal Government; it is of little advantage to the States which have their expenses to meet.

Mr. CARAWAY. Mr. President, will the Senator from Utah yield?

Mr. KING. I yield.

Mr. CARAWAY. I desire to ask the Senator if he approves the provisions contained in the pending bill, as it came from the House, with reference to estate taxes?

Mr. KING. The Senator from Arkansas was not in the Chamber when I addressed myself to that question. I stated that I did not approve the provision of this bill which remits on credits to the extent of 80 per cent of the tax collected in any State.

Mr. CARAWAY. I am glad to hear the Senator say that, because I think that of all the vicious legislation that has been before Congress since I have been a Member, that is the most vicious. It is without any defense, as I see it. If the Federal Government could coerce a State by levying an estate tax, it could make it do anything else. The State would become a creature absolutely subservient to the Federal Government, and every right a citizen has under the State would be destroyed.

Mr. KING. I have heretofore stated that this provision is objectionable to me and, as indicated by the Senator from Arkansas, will be regarded as an attempt to coerce the States into adopting a system of inheritance or estate taxation, though they might not desire to do so, or to impose heavier rates of taxation than they desire, in order to obtain the 80 per cent credit provided under the Federal law.

I repeat, if it is deemed wise to impose a Federal inheritance or estate tax, its rates should be low and should be levied without reference to whether the States impose estate or inheritance taxes.

Mr. CARAWAY. May I ask the Senator if he thinks there is any merit in this contention? Of course, I do not question the authority of the Federal Government to levy an estate tax, but I question very seriously the wisdom of it doing so. In the first place, let us suppose that two men are engaged in business of identically the same kind, with exactly the same capital, and having exactly the same earning capacity; they

each pay every dollar of tax assessed against them both by the State and the Federal Government; but one of them is so unfortunate as to die, and then an additional tax is levied upon his estate.

Under what theory of good morals is that done? Has it been a blessing to his family that he died, and, therefore, his estate ought to pay a tax for having gotten rid of the ancestor? I think that at least Anglo-Saxon society rests upon the belief that private property belongs to the man who honestly acquires it, and there goes with it the right to transmit it to his children or the beneficiaries that he may name. If it is right that he should have that privilege—and I think it is wise that he should, because I believe that the experience of all mankind is that to take away the right to acquire and transmit property destroys the incentive to work at all—and if it is morally right that he should transmit his property, upon what theory do we penalize his children who have the moral and legal right to receive his property by levying an estate tax or an inheritance tax upon it? There is no new wealth created; and if the man who created the wealth—and I take it that he must have been of some account or he would not have accumulated it—was of some advantage to his family, as he must have been, his taking away has not been a blessing, and, therefore, I do not see under what theory his family should be taxed and made to pay for having lost the man who accumulated the estate.

Mr. KING. Mr. President, as I understand the position of the Senator from Arkansas, it is that the Federal Government has the authority to tax estates of decedents, but he denies the wisdom of it. There are many who take this view. But the Senator further contends that in Anglo-Saxon countries it is believed to be an abridgment of individual rights for the Government to impose estate or inheritance taxes. The Senator particularly emphasizes, if I understand his position, the immorality or injustice of taxing estates which pass to the heirs of deceased persons.

Mr. President, I do not follow the Senator in all his arguments. I do not think the right to acquire or transmit property is unduly restricted by reason of taxes being levied upon property in the hands of devisees or legatees. Taxes are often imposed upon the transmission of property between the living. No one contends that the levying of such taxes is illegal or immoral. Heavy stamp taxes are often laid upon the transfer of land or of personal property, though the transaction may tend to diminish the estate of the grantor and pro tanto diminish the property which he leaves to his heirs.

The view of many publicists—and that view is emphasized by Mr. Carnegie in his writings—is that the incentive of persons to acquire property is not affected or diminished because, upon their death, the property which they accumulated may be subject to an inheritance tax. Indeed, the view has been expressed by some that there will be greater zeal and energy displayed in the acquisition of property in order that the amount which will finally be received by their heirs will meet all reasonable demands as well as satisfy the desires and expectation of the testator.

I insist, Mr. President, that no legal objection can be offered to this form of taxation, and as I perceive the question I can see nothing improper or immoral or illegal in taxing the estates of decedents.

Mr. CARAWAY. I am not questioning the legal right. I am talking about the moral right.

Mr. KING. I admit that moral and ethical questions are encountered in legislation, and of course no legislation should be passed that is unjust or immoral. Rational beings often dispute as to what conduct is moral and just and what is immoral and unjust. And standards vary as civilization advances. I think it may be said that the perfect standard in all political, social, and economic questions is not susceptible of ascertainment with mathematical certainty, or at any rate it must be admitted that what may be moral and just at one period may not be so regarded in another age. Slavery, for the greater part of the history of mankind, has been regarded in many parts of the world as not immoral or unjust. It is to-day in all parts of the civilized world regarded as both unjust and immoral.

An income tax, when first introduced in England and in the United States, was denounced as immoral, inquisitorial, and unjust. There are many persons who believe the State has social functions to perform and who feel that it would be wrong for the State to refuse to collect taxes from estates, particularly where such estates represent property of the value of tens of millions of dollars. The people of Great Britain have rather high standards of morality and public virtue. Indeed there are some students of current history who attribute to the English people the possession of public virtue and civic conscience that measure up to the highest standards. And yet the British impose exceedingly heavy death dues, so heavy indeed that the families of many deceased persons are compelled to part with holdings which have been in their families for centuries in order to meet the estate taxes levied by the Government.

And there are many persons in the United States who believe that it is not only moral and just, but that it is the duty of the Government to impose estate taxes, particularly where some States collect no inheritance taxes and where the estates of many decedents consist largely of tax-exempt securities or of stocks and bonds and various intangible properties, which have almost escaped, if they have not entirely escaped, taxation during the lifetime of the decedents.

Mr. CARAWAY. Let me stop the Senator right there. We should undertake, then, to punish all those who have been honest and paid their taxes in order to reach somebody who has been dishonest. That never was the principle, I think, underlying the liberty and rights of English-speaking people.

Mr. KING. I am merely stating the view of many respectable and patriotic people. They perceive the existence of large estates and have knowledge of the fact that some who accumulated them did not pay a just or fair tax upon their accumulations. And the Senator appreciates the fact, regrettable as it is, that there is much legislation enacted which is oppressive to honest citizens in order to reach vicious and unscrupulous and dishonest persons.

But I am not justifying such legislation and do not support the view that the end justifies the means.

Mr. CARAWAY. We can not afford to lay the hand of taxation upon the innocent in order to reach the guilty. We can not take their property in order to punish somebody who was dishonest with the Government and did not pay his taxes. We can not justify that at all, can we?

Mr. KING. I agree with the Senator.

Mr. CARAWAY. Then let me ask this question——

Mr. KING. I do not, however, admit that the taxing of the property of decedents is unjust or immoral; and I would not, merely to reach property which had escaped taxation while in the hands of the living, establish a taxing system which was unfair or unjust to the people. It is a fact, however, which some people regard as worthy of consideration, when revenue legislation is enacted, that property of great value has escaped taxation. I think it may be conceded that the sentiment in favor of inheritance and estate taxes by the States or the Federal Government, or both, is in part due to the conviction entertained by many people that valuable estates hold large blocks of tax-exempt securities which were so controlled by decedents in their lifetime that they escaped legitimate and proper taxation and the burdens laid upon similar property in the hands of more scrupulous and honest taxpayers.

I repeat I am not defending this position. I am merely stating what I believe to be a fact. But, Mr. President, I believe that the imposition of estate taxes can be justified upon ethical and moral grounds.

Mr. CARAWAY. I hope the Senator, then, will develop that thought, because I am frank to say that I have seen no justification in morals for an estate tax. I should like also to call the Senator's attention to this fact: A corporation which is merely an artificial person created by law, and never dies, never pays an estate tax, but when an individual who is competing with it in business—his estate is compelled to pay an estate tax, which in some States becomes a very great burden. Under what theory do we say that the corporation which is fictitious and never had a soul ought to enjoy under the law a privilege which we deny to every human being that lives within that Commonwealth?

Mr. KING. Modern industrial development is due in part at least to corporate organizations. Corporations have benefited our economic life, but undoubtedly their growth and omnipotent position, particularly in industry, have led some thoughtful persons to the belief that they have wrought more evil than good. But, as the Senator knows, corporations can not exist without people. The legal title to property and the franchise are held by the corporation, but the beneficial use and the equitable title to the property belongs to the stockholders. When a stockholder dies, his holdings in the corporation are subject to the estate or inheritance tax, the same as if the legal title to his share of the corporate holdings were in his name. His certificates of stock are evidences of his right to a share in the corporate property, and it is that interest in the property which is taxed upon his death.

I recall that Mr. Harriman, who was a large stockholder in the Union Pacific Railroad, was taxed in Utah, though he was domiciled in New York. Substantially all of his property

consisted of stocks and bonds of corporations. He paid a large estate tax in New York and nearly $1,000,000 in the State of Utah. The corporation did not pay the tax, but the heirs of Mr. Harriman paid it out of the estate which he accumulated in his lifetime. Perhaps indirectly the corporation paid inheritance tax to Utah because of the dividends which it paid to the estate.

Mr. CARAWAY. Oh, no; the corporation never had a dollar of its property taken to pay an estate tax. We never weaken it at all in the conduct of its business by reason of the estate tax, but we do in many instances destroy, and in every instance very greatly weaken, the estate of the individual who is engaged in a business of the same kind when he dies. There is a very great difference, it strikes me, between levying an estate tax upon a stockholder in a corporation that does not affect the corporation at all, does not diminish its capital, and levying it upon the estate of an individual when he dies and when it is less able to bear the loss.

Mr. KING. Mr. President, there may be some fine or broad distinctions such as indicated by my friend. But I shall not stop to discuss them now. I am departing from the point I was attempting to make when the Senator from Connecticut and the Senator from Arkansas propounded their questions. I may say, however, that there may be some hardships involved in meeting the demands of the Federal and State Governments, resulting from levying taxes upon the property of decedents. However, Congress has extended the time for paying the Federal tax for a period of six years, so that there need be no sacrifice of property to meet the same.

I am unable to see anything unethical, unjust, or immoral in levying taxes upon estates. If it is just and moral to impose an income tax upon a man who toils, I fail to perceive that it is less moral or just to levy a tax upon a gift or bequest or devise from his father or from any other person.

Mr. President, I was stating before the interruptions that the American Farm Bureau Federation contended that the farmer is bearing more than his fair share of the public burden, and that if the estates of decedents were not subjected to taxation, those burdens would be increased.

The Senator from Connecticut [Mr. McLEAN] a moment ago was pleading for the farmers of Iowa; their burdens will be heavier if the Federal tax upon estates is repealed.

Mr. CARAWAY. Mr. President, may I ask the Senator a question right there? Is there any justification for laying an unjust tax upon one person in order that some other class may escape taxation?

Mr. KING. We have heretofore discussed that question and I answer now, as I did then, no.

Mr. CARAWAY. Then that is not a good reason, is it?

Mr. KING. I repeat that we would not be justified in taxing estates to aid the farmers of Iowa or to aid any other class if by so doing an injustice were done to any other class. But I submit that the farmers, as well as others, might be justified in complaining if the property of decedents escaped taxation. I concede that people honestly differ in regard to this matter. There are some Senators as well as others who, upon principle, oppose either the States or the Federal Government levying estate or inheritance taxes. It is a fact that the farmers of the United States are heavily taxed and in many instances their burdens are proportionately greater than those laid upon wealth. The farmer's property is tangible and visible. The tax collectors of the States see it and tax it. Much of the wealth of the rich consists of intangibles and the owners escape taxation.

Mr. WATSON. But the Senator does not mean that the farmers are taxed more heavily for Federal purposes by the Federal Government?

Mr. KING. There is some question about that.

Mr. WATSON. They are taxed as a result of their own local laws, for roads and schoolhouses and all those things that they vote on themselves.

Mr. KING. I understand. The States and their political subdivisions are imposing heavy taxes which will, for the next fiscal year, amount to approximately $6,000,000,000, and the Federal Government will collect revenue amounting to approximately $5,000,000,000.

Under our form of Government the duties of the Federal Government are limited and their responsibilities are not so great as those resting upon the States and their political subdivisions. Purely national matters are cognizable by the States, but all matters relating to the domestic concerns and welfare of the people belong to the States. The great mass of the people are taxed upon their visible property as well as upon intangible property, for the maintenance of State government, and the agriculturalists and the laborers of the United States, whose property can be reached by the tax gatherer, pay a greater tax relatively than the rich, and suffer more from indirect taxation than do those possessing large fortunes.

Mr. WATSON. Does the Senator mean the tariff?

Mr. KING. Yes; I refer to the tariff as a species of indirect taxation.

Mr. WATSON. Of course, the Senator and I are as far apart as the poles on that.

Mr. KING. I have learned that the Senator is as wedded to the tariff as the orthodox Mussulman is to the Koran and with far less reason. However, I shall not be diverted into a discussion of the tariff.

The Farm Bureau declares that death dues are legitimate sources of revenue and should be preserved at their highest degree of usefulness, which this organization insists can only be effected by means of a Federal estate tax. This organization contends that the farming class is more heavily taxed than any other; and I might add that the National Industrial Conference Board in 1922 stated that the ratio of taxes to income for farmers was 16.6 per cent, while that for the remainder of the community was 11.9 per cent. Perhaps one of the compelling reasons leading the farm organization, just referred to, to oppose the repeal of the estate tax is found in the fact, as stated by Dr. Richard T. Ely, that if the present tax tendencies continue, the time will come when the whole annual net return of America's farm lands will be swallowed up in tax payments.

The Bureaus of Agricultural Economics for Ohio and Kansas for the 40-year period 1880–1920 show that farm lands during the period increased in value in Ohio on an average of from $45.97 in 1880 to $113.78 in 1920, whereas the tax per acre increased, in the eight-year period 1913–1921 alone, from 65 cents to $1.15. In Kansas the value per acre increase during the 40-year period was from $10.98 to $62.30. The tax per acre in the eight-year period went from 18 to 46 cents. The percentage of increase in Ohio in the period was 177, and in Kansas 271.

Doctor Ely also refers to the rich agricultural sections in Chester County, Pa., where data collected by the Bureau of Agricultural Economics prove that taxes absorbed 66 per cent of the net rent of all farms rented for cash.

Mr. McKenzie, who is director of research in taxation of the American Farm Bureau Federation, in an address before the Academy of Political Science, New York, April 15, 1924, refers to the dairy farms in Chenango County, N. Y., where the receipts, less business expenses other than taxes, in 1921 amounted to $795 per farm. Land taxes were $161, or 20 per cent of the income. The residue, $634, was to reimburse the farmer for his year's labor, for the labor of his family, and for the use of a capital of $12,943. From this all debts and living expenses must be paid.

Mr. McKenzie states that in Ohio from 1912 to 1915 taxes were 9 per cent of the net income before taxes; in 1920 they were 15 per cent; in Oregon they were 33 per cent in 1921. In one group of farms examined in Pharsalia township, Chenango County, N. Y., taxes averaged 3.4 per cent of the actual value of the property.

The farm bureau declares that the inheritance tax, technically, is an income tax; and Professor Seligman, who, the Senator from Connecticut [Mr. McLEAN] says, is opposed to estate taxes, declares:

> So far as the recipient of an inheritance is concerned, the accretion to his capital wealth through an inheritance is just as much income in the broader sense of the term as that which comes from any other source.

It is contended by the bureau that it is also a tax upon unearned income.

The views of Doctor Adams upon this subject should be given consideration. He has, as Senators know, aided in drafting revenue legislation and was one of the leading experts in and advisers of the Treasury Department for several years.

He says:

> The death duty is assigned to raise money, but to raise it from persons who have not earned it. In my opinion, the death duty is popular as a form of taxation primarily because it lays the tax on so-called unearned wealth. When we tax the farmer on his farm, the manufacturer on his plant, equipment, and materials, the public utility on its entire property, * * * we are taxing the people who not only do the work but who risk their time and capital. But it involves no great risk to receive a legacy or inheritance.

The bureau further justifies estate taxes because, with respect to large estates, property is reached which has not contributed fairly to the Government during the lifetime of the decedent. This view is maintained because in nearly all large estates it is shown that intangibles predominate, and this class

of property has not been adequately taxed. It has escaped State and Federal taxes to a very large degree. It is, therefore, argued that it is only just that upon the death of the decedent it should be reached by the Government for tax purposes.

The bureau admits that taxing estates has a social effect, but denies that it is socialism, or that it is in the direction of socialism; and reference is made to what is familiar to all students of taxation, that nearly exery tax reform has been branded as socialistic. The income tax was denounced as socialistic, and after it was adopted its opponents insisted that it be a proportionate tax and not a graduated income tax.

After the Supreme Court decided that the income tax provisions of the Wilson bill were unconstitutional the Democratic Party urged an amendment to the Constitution providing for the taxing of incomes. They made this matter a political issue in a number of campaigns and finally won the fight. I do not believe any considerable number of the American people to-day favor the repeal of the income tax.

Of course, Mr. President, all taxation has a social effect. That may be true of direct taxes as well as indirect taxes. Indeed, the greater part of State taxes are designed to affect social conditions. The percentage devoted to education, scientific improvement of health conditions, relieving the indigent, and so forth, falls within this category. The Federal Governernment spends tens of millions annually to improve highways, to establish and maintain quarantine regulations, and to maintain the Public Health Service, whose activities extend to all parts of our country. It provides pensions for many of its employees, and taxes the people in order to make large contributions for vocational training and to agricultural colleges in the various States.

The bureau refers to Doctor Adams, who states:

> We live and work under an industrial and commercial system which combines marvelous productivity with extreme concentration in the ownership and control—particularly in the control—of wealth. Politically the major forces at work make for equality. Commercially the greater forces make for concentration and inequality of power. The two forces—democracy and capitalism—are irreconcilable without some corrective machinery, such as progressive taxes. * * * The fortunate, the successful, the wealthy must make special contributions to the State under which and because of which they enjoy success and wealth. Such, roughly, are my reasons for the belief that progressive income and inheritance taxes are here to stay.

The bureau while admitting that the inheritance tax is primarily a State tax, still declares that the growth of large fortunes is due to the entire American public, and for that and other reasons, Federal death dues are warranted and proper. It is also contended that the States alone can not preserve this tax to a high degree of usefulness, or as a permanent source of revenue. It also shows the significance of the fact that those who are opposing the inheritance tax in any form are the strongest advocates of the abolition of the Federal tax. In support of this view, Doctor Adams says:

> Such persons desire to see the Federal estate tax abolished in order that the State death tax may be whittled down by interstate competition. They expect Florida, Alabama, and the District of Columbia, by offering isles of refuge to the retired rich, to discredit the State inheritance tax in the long run or to hold it within very narrow limits.

After referring to the fact that one of the Congressmen from a rich and powerful State opposed the tax, Doctor Seligman said:

> That is the line-up, as it always has been and always will be in this country and in every country, between those who, in Federal and other legislation, look primarily, as they are entitled to do, to the interest of big business * * * as against those who look primarily at the interests of the common man, as they also have the right to do.

Because of the recognized ability and high standing of Doctor Seligman as a political economist and an authority upon taxation, I desire to read a few paragraphs from his testimony before the Committee on Ways and Means of the House of Representatives, given in October of last year. On page 477 of the hearings Doctor Seligman said:

> One of the arguments for the withdrawal of the Federal Government, for which I think certain members of the Treasury at all events stand, seems to me to be doubtful, because if that argument were pursued to the extreme it would mean the abolition of all estate taxes, Federal and State as well.
>
> I am referring to the objection that was made, I think, before your committee a few days ago that an estate tax is in itself wrong; that it is not democratic; that it is a tax on capital; that it is, therefore, going to destroy the goose that lays the golden eggs.
>
> And yet all know, as a matter of fact, that if that argument were true, all of our States would have to abolish estate taxes or the inheritance tax. In other words, some of the arguments at least that have been propounded in order to induce the Federal Government to relinquish the estate tax go too far, because they would mean no inheritance tax at all.
>
> I need not point out to you that that is an erroneous point of view, both theoretically and practically. As estate tax is the result of one of the modern democratic movements in the world, it is found wherever we have democracy. It was introduced first in Australia, then in Switzerland, then in England, then it came to this country. Wherever we have democracy we have two things—an income tax and an inheritance tax. The arguments in favor of one are just about as good as the arguments in favor of the other.
>
> There are two kinds of taxes on capital. One kind is a tax levied according to capital, but which is paid out of the income of the capital. The other kind is a tax like the capital levy that they are talking about in France to-day and have in Italy, which is a tax not alone levied according to capital but supposed to be paid out of capital. Our estate duty is really neither of one nor the other. It is not a capital levy, and it is not paid out of capital. A proper kind of inheritance tax, which is not so high as to take all of an estate or the greater part of it, will usually be paid out of the income of the estate. We have five years in which to pay it in this country; in some countries the period is even longer. If you look at the statistics carefully you will find that the tax on all the estates in this country constitutes only a small part of the income from those estates during those years. * * * In the second place, the argument that it is a tax on capital, through which you are going to kill the goose that lays the golden eggs, is erroneous, because it assumes that all governmental expenditure is unproductive. The argument is based on the idea that the capital taken from the taxpayer is destroyed.

Professor Seligman then shows that with the revenue derived by the Federal Government roads are built, the Panama Canal is constructed, and other activities are engaged in which do not destroy capital but merely shift it from the taxpayers' hands into other forms for the benefit of the people.

I recur to the statements made during this debate that estate taxes are taxes upon capital.

Some who oppose estate taxes contend that such a tax has its justification only in socialism; that it is a capital levy, and therefore obnoxious to any economic system. That argument has been made from the beginning. It has had its effect and it is still the contention with many. It may be said that technically all taxes are capital levies. If the corpus is not taken, the income derived from it is taken, and if there is no income, the property itself becomes subject to seizure and sale.

There are hundreds of millions of dollars in property within the United States which yield no income. There are houses which are vacant, lands which are unoccupied, stocks and bonds which yield no return, personal property which is unproductive, and yet such property is taxed. Incomes derived by individuals constitute property and come within the class of property subject to the same production as any form of property, real or personal. Many railroads have been unable from their earnings to meet fixed charges or to pay dividends, but nevertheless have been compelled to pay enormous taxes to States, counties, and various political subdivisions. In a sense, the taxing of these railroads was a capital levy and a transfer of the property from the owners to the State, but the State devoted a portion of the revenue thus derived to the construction of roads and bridges and the erection of schoolhouses and public buildings. In other words, there was merely a transfer of capital from one owner to another, but no destruction of the same.

The Federal Government has for a number of years been imposing capital-stock taxes upon corporations, many of which have no net income. Indeed, there were many which were unable, except by borrowing, to meet the taxes imposed both by the Federal Government and by the States. These taxes were levies upon capital. Nevertheless they are justified and have been regarded as not unjust or oppressive.

My recollection is that for the year 1923 approximately 400,000 corporations paid a capital-stock tax, but 165,594 reported that they had made no profits. They had property in various States, tangible as well as intangible, and were compelled to pay taxes in the various States where their property was located, though they had no net income. In many instances they were compelled to borrow money to pay the Federal tax as well as the taxes imposed by the State. In a sense these taxes were levies upon capital.

Of course, no perfect system of taxation is possible. There always will be some injustices and inequalities. Even where the basis of taxation rests upon ability to pay, inequalities and injustices, oftentimes of a serious character, will ensue.

I repeat that all taxation affects capital, and capital is only accumulated income or savings. It is important that there

be good government, with wise and sound economic policies. It is essential that labor be rewarded and accumulations effected. In order to insure good government and to protect and preserve individuals in their right to labor to own and to accumulate the State must be preserved, wise laws must be enacted, and machinery established for their enforcement. It is imperative, therefore, that contributions be made to the State. These contributions are taxes, not voluntarily paid but paid under the compulsion of the law. It is therefore necessary that property be taken and its ownership transferred from the individual to the State.

The expenditures of the Government, if wisely made, aid the taxpayer in securing higher wages, better surroundings, more favorable conditions, from all of which his income will be augmented and his accumulations or his capital increased. The Government builds ships, navy yards, harbor improvements, levees upon the Mississippi River, reclamation projects, lighthouses, public buildings, and so forth. These are built from capital taken from the people, so that it is only a change of capital from one form to another and from one source to another.

Even in death duties adversely affect accumulations, and even more so than by other taxes they may have effect upon the national well-being which will bring results of the highest value. Accumulation is not the only thing to be considered by the State. It has been contended by many economists and political writers that the accumulation of capital may be detrimental, particularly if in the hands of a few. That was true in Rome, it was true in the medieval ages, and it will be true in any country or under any political system.

Mr. President, the recent mergers of giant organizations has provoked some little agitation and has caused some persons to fear the results of this stupendous massing of capital. In this morning's newspapers we find a number of New York capitalists apologizing and defending these centralizing capitalistic movements. They affirm with great earnestness and with many pious protestations that these great aggregations of wealth are sure to result in economies and prove beneficial to the country. I do not believe that, generally speaking, these stupendous organizations will affect permanent economies, but, even if they did, in my opinion the existence of these organizations will prove injurious to the social organism and prove a menace to our economic and political life.

The destruction of the small enterprise, the obliteration from our economic and industrial fields of active and ambitious individuals engaged in business enterprises in order that gigantic industrial organizations shall take their place, is not only a pathetic picture but a certain indication that our business and economic condition is in unhealthy state from which most serious consequences will follow.

Wealth in the hands of a few means power, economic and political, and that power will be exerted not only for the protection of wealth, but to give it advantages and privileges not enjoyed by the mass of the people. Political and civil liberty are the concomitants of industrial and economic liberty. If the sources of production and distribution are controlled by a few, political freedom will be impaired and in time destroyed. A dangerous condition exists in our business life to-day, resulting from the misuse of credits by large banking institutions and the devotion of these credits and the resources of our financial institutions to speculative stock movements, to the reorganization of business enterprises, and the consolidation of many corporations. Individual initiative is lost, private business is destroyed, and powerful but shadowy figures in the background control industries and collossal mergers through holding the voting stock, though the public are the holders of various classes of other kind of stock.

Enormous profits are made by banks and brokers and promoters, and the deposits in the banks and the prestige and power of the banks are employed in giving fictitious values to stocks and bonds which by adroit and cunning advertisements and extensive propaganda are unloaded upon too often weak and gullible and thoughtless people. Stocks and bonds are bought on margins, and the banks and brokers soon find themselves in possession of the securities, only to be resold and resold again, the public being led to the slaughter for the delectation and enrichment of sordid and selfish and often currupt and dishonest promoters and speculators.

Mr. President, political and economic conditions which develop centripetal forces, under which there are accumulations of capital in the hands of a few, will destroy democracy and produce socialism or autocracy. If this Republic adopts unwise political and economic policies, if it permits selfish and predatory interests to affect legislation and formulate policies, it will provoke social unrest, encourage socialism and communism, and weaken the foundations of our social and political structure.

In my opinion, it is a fallacy to assume that capital is destroyed by estate taxes. If an estate is taxed and the tax is paid by the sale of a house or other property, and the individual who pays for it does so by selling shares of stock to a third person having savings which he seeks to invest, it is obvious that there is no destruction of capital in these transactions. And if the Government uses the tax collected from an estate or from individuals to build houses, there is a transfer of capital only, not a destruction of it.

Gladstone contended that if death duties were applied to the payment of the national debt, there was no loss of capital. The state, that is, the people comprising it, have, in government debt, a liability which is a capital charge. A government which has bonds outstanding may take the taxes derived from the estates of decedents and redeem its outstanding bonds which are held as capital by individuals. It can be argued that if government expenses are not paid by death dues, then some other method must be provided. If they are not paid by death dues on the estates of the wealthy, those of moderate means and whose incomes are not large will be compelled to pay heavier taxes and thus be prevented from saving or from entering new fields of investment or capital development. And if the poor are compelled to pay additional taxes, it will reduce the expenditures for consumption and react on the productive capacity of the laborer and reduce the total industry dividend, and therefore diminish the wealth of the country.

Professor Stamp in his work on taxation says:

> There is no proof that the immediate effect of taking revenue as death duties reduces immediately potential fixed capital more than an income tax which may equally trench upon potential savings.

Professor Seligman referred to the construction of the Panama Canal. There was a capital investment of nearly $500,000,000 paid from the taxes levied upon the people; in part, from estate taxes. There was no destruction of property but a transfer from one form to another and from many owners to one owner. An estate pays a large tax to the Federal Government or to the State government, and a public building, such as a post office for some city, or a schoolhouse, is erected. There is no destruction of capital, but merely a transfer for a public use and for a public benefit of property from the many to the Government. And both the schoolhouse and the post office are the people's property and for their use, so that these transfers often are of immense social and economic advantage to the people.

Mr. COPELAND. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER (Mr. HEFLIN in the chair). Does the Senator from Utah yield to the Senator from New York?

Mr. KING. Certainly.

Mr. COPELAND. Is it not true that a great many times an estate is built up not alone through the efforts of the man who is the head of the house, but through the joint efforts of the husband and wife, and perhaps of the children? I confess I can not follow the arguments laid down so many times with reference to the imposition of the inheritance tax, because to me it seems little short of immoral and indecent to make an attack on the widow at the time of her mourning and say, "Now, your husband, your natural protector, is dead, and we are going to take away a part of your property."

Mr. KING. The Senator, then, is opposed to estate or inheritance taxes being levied by the States?

Mr. COPELAND. I am.

Mr. KING. The Senator is not alone in that position. I have referred to the New York Evening Post and the attitude of a number of rich people who believe that the accumulations of a person in his lifetime should not be taxed upon his death. Some think it is illegal; others that it is immoral and unjust. With due respect to these views, I believe that inheritance taxes and estate taxes, in one form or another, will continue to be levied in all civilized and progressive countries. I confess that where there is a dual form of Government such as we have in the United States the application of the principle of inheritance and estate taxes presents some difficulty, or at any rate it calls for the exercise of the utmost wisdom, and, if I may use the word, considerable technique, in order that no injustice may be done and that due recognition of the rights of the sovereign States, as well as the National Government, may be accorded.

The objection urged by the Senator, that the widow and perhaps the children have aided in saving and in accumulating the estate may be made against the imposition of any taxes,

but incomes are not immune from taxation because of the service of the wife or of the children. All of the States, where estate or inheritance taxes are laid, exempt a considerable amount from taxation. The same with the Federal Government. The taxes in the aggregate levied upon estates are not sufficient to materially reduce them.

Mr. COPELAND. One more suggestion. The other day I used the illustration of the Ford fortune. If Mr. Ford was to die, under laws which have prevailed, 40 per cent would be confiscated by the State.

Mr. KING. I do not agree with the Senator's statement. If he refers to the Federal tax, the amount paid would be less than 18 per cent, because if the maximum upon the estate in the highest bracket may be 40 per cent does not prove that the aggregate tax is 40 per cent. As the Senator knows after a liberal exemption the tax is laid progressively from 1 up to 40 per cent, so that the tax upon the entire estate would be, as I have stated, very much below the maximum figure. Neither do I agree with the Senator that an estate tax is confiscation.

I have discussed the proposition that inheritance and estate taxes are not confiscatory, neither are they a levy upon capital. I repudiate the view that the collection of taxes for the building of roads and schoolhouses, and the conservation of public health, and the execution of the various duties devolved upon the States and upon the Federal Government, is to be regarded as the confiscation of property. In order to obtain the benefits of good government, taxes must be collected, and with greater social needs, incident to our complex social and industrial condition, the larger are the contributions, in the way of taxes, that will have to be paid by the citizens of civilized states.

Mr. COPELAND. Then, if within six months Mrs. Ford were to die, 40 per cent of the remaining 60 per cent would be confiscated by the State, which would be 24 per cent more of the original estate, or a total of 64 per cent, which would leave 36 per cent. Then if Mr. Ford's son should die within the same year, another 40 per cent would be taken away, which would leave less than 25 per cent of the original estate intact.

If I understand the Ford enterprises, all this great fortune is invested in a business which necessitates such funds as Mr. Ford possesses, and if these calamities were to happen, and they are conceivable, it would mean that the Government would confiscate 75 or 76 per cent of the Ford estate, and the Ford business would be ruined. Out of that business has come convenience to the public in the way of cheap cars and tractors; and more than that, Mr. Ford has demonstrated how labor can be decently treated and has chosen to give labor decent treatment. Of course that is an extreme case, yet after all I feel it is an argument in favor of the wiping out of the idea of the inheritance tax.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. KING. Certainly.

Mr. LENROOT. In the first place, the taxes upon the estate would not be 40 per cent. There is no estate, even under the present law, which pays anything like 40 per cent or one-half that much.

Mr. COPELAND. But it has been as high as that.

Mr. LENROOT. It would be 40 per cent only in the highest brackets.

Mr. KING. It would be less than 20 per cent.

Mr. LENROOT. On the Ford estate it would be between 20 and 25 per cent. The earnings of the Ford plant during the five years which they have in which to pay it would pay every dollar of the Federal tax without touching one dollar of the principal investment.

Mr. COPELAND. It is all very well to say the earnings would be there. I doubt exceedingly if Mr. Ford and his son were taken away whether there would be any earnings at all.

Mr. KING. If the Senator from New York desires to continue his eulogy of Mr. Ford and his business methods, I hope he will do so in his own time. I have been interrupted so frequently by Senators that any continuous treatment of a point or subject is impossible and a retracing of ground already discussed is made inevitable.

Mr. COPELAND. Let me say in closing to my friend from Utah that I am opposed on principle to the idea of an inheritance tax.

Mr. KING. As I have stated, the Senator belongs to the group that is attacking the levying of estate taxes in any form or by any jurisdiction. His position is not in keeping with modern and progressive and what I regard as rational and just tax policies. As Doctor Seligman has stated, both income and inheritance taxes are products of democracy and are applied in democratic countries. The rich, and particularly those with enormous fortunes, have usually opposed taxes upon their incomes or their property. They have preferred excise taxes in various forms, sales taxes and indirect taxes which fell most heavily upon the poor. Property was more sacred than human life and more important than social and human needs, but as the sun of liberty advanced, archaic forms and policies were burned away.

We now, while protecting property and having due regard for vested rights, are seeking juster principles of government, the application of nobler and higher ideals in our civil polity and in our social relations. We see enormous fortunes produced almost overnight, in part due to stable and free government, and because the arm of protection is thrown around the strong as well as the weak. And men of vision and of probity and with a desire to promote justice and liberty, seek the enactment of laws which will compel all classes to bear a just and fair share of the burdens of government.

And so the political economists of the day and the most enlightened thinkers of our time advocate estate taxes, income taxes, and taxes upon the net incomes of great corporations, believing as they do that the principle of ability to pay is most effectively recognized in the enactment of measures of this kind.

Mr. COPELAND. I am sure the Senator will yield again for a moment?

Mr. KING. I yield.

Mr. COPELAND. I want the Senator to know that I am not following the lead of the New York Evening Post.

Mr. KING. Oh, I know the Senator is not doing that, of course.

Mr. COPELAND. The greatest handicap I had in my campaign when I ran for the Senate was that the Post was for me. I never was able to explain it satisfactorily.

Mr. KING. Of course the Senator is following his own view. I attribute to him the utmost sincerity in his opposition to all forms of taxation of estates.

Mr. COPELAND. Mr. President, will the Senator yield again?

Mr. KING. Yes; I yield to my friend from New York.

Mr. COPELAND. I would not want to leave a wrong impression in the mind of the Senator. When the man is alive and when his estate is enormous and the income great, I will go as far as the Senator will in levying a just tax, a graduated tax, a tax which measures up to the tremendous income of the man. On this account I assume I am with the Senator in the thought that in the higher brackets we have not gone as far as we should.

Mr. KING. The Senator, if I understand him, thinks that in the income tax provisions of the pending bill, the maximum ought to have been more than 20 per cent. I was in favor of a maximum of 25 per cent reaching the highest bracket where incomes were in excess of $500,000.

Mr. COPELAND. I do not think the bill which is pending here is a perfect bill by any means, because it does not go far enough in the taxation of those who come within the higher brackets. That is what I mean. I will go with the Senator on that matter, but when it comes to the confiscation of property from an estate after a man has died, I am not with him.

Mr. KING. The Senator does not regard it as confiscation to tax incomes and property, whether productive or unproductive, during the lifetime of the owner, but regards it as an indefensible and meretricious act to tax property after his death. It is not unethical or unjust, measured by the standard which the Senator adopts, to tax incomes of individuals, though in so doing it may be an encroachment upon capital, and may in some instances, to use the Senator's expression, be confiscatory.

The Senator knows that there are many instances in which the regular State and Federal taxes, exclusive of inheritance or estate taxes, have compelled the sale of property and brought almost irretrievable financial ruin to the owners of the same. There is nothing improper in that in the Senator's view. But if a man accumulates fifty or one hundred million dollars, then upon his death the property becomes so sacred that those to whom it is devised or bequeathed may not be required to pay any portion of the same or the income derived therefrom as estate or inheritance taxes. The property is not sacred in the life of the owner, but upon his death it acquires a higher moral and legal status.

Mr. CARAWAY. Mr. President, may I ask the Senator from Utah a question?

The PRESIDING OFFICER. Does the Senator from Utah yield?

Mr. KING. Yes.

Mr. CARAWAY. The property has paid its taxes while it was in the hands of the living, has it not? That is the theory of the law.

Mr. KING. Perhaps the owner of the property paid a full and fair tax upon the same during his lifetime. We know that some estates escaped a full tax during the owners' lifetime.

In regard to the theory of the law mentioned by the Senator, I do not quite understand how the acceptance of that theory justifies or compels the removal of estates of decedents from the realm of taxation or the application of inheritance tax laws.

Mr. CARAWAY. But so far as this argument is concerned, we will concede that it has paid the tax, and had the man lived he would have paid no additional tax, except the tax levied on all other property at the same time. Does the Senator from Utah see no difference between earned income and an estate bequeathed by the ancestors to the heirs?

Mr. KING. The owner of the property, by paying a tax one year, was not relieved from paying the following year. In other words, property is subject to repeated taxations. An individual may pay taxes upon property for years which is unproductive. Suddenly it becomes productive and he is taxed upon the property which has been repeatedly taxed, as well as upon the income.

The devisee or legatee of property has never paid tax upon it. It is to the heir an unearned increment. I am not subtle enough to comprehend why, because it was taxed in the hands of the decedent, it should not be taxed in the hands of the devisee or legatee.

Mr. CARAWAY. Let me ask the Senator a question. Of course if the ancestor had paid the last dollar that had been assessed against him on the day before he died, and then died, the property would be taxed, then in the hands of the heirs the beneficiary, not because there had been any accession of wealth but because by the hand of death the ownership had been transferred from one individual to another. It is the same property that has paid its taxes, is it not?

Mr. KING. Under the Senator's statement, the usual and ordinary taxes were paid.

Mr. CARAWAY. Yes, and in the hands of the heir at the next annual tax-paying time it will pay taxes again; but the only contention is—and I can see the Senator's viewpoint—that merely because the ancestor died the State ought to take a part of his accumulations. It is the old theory under feudalism that at the death of the individual all the property became the property of the king, and it went out again as a new obligation to the one who received it.

Mr. KING. Suppose the decedent had died the day before the taxes upon his property were due. It could not be argued that the rightfulness or morality of an estate tax would depend upon that condition. It would be absurd to say that in a case of this kind an estate tax could be justified, but if he had paid his taxes the day before his death, his estate would not be subject to estate taxes.

But, Mr. President, I have consumed too much time in discussing these points. I can only say that in my opinion I see nothing illegal or immoral in subjecting the estates of individuals to the payment of inheritance or estate taxes. I regard an estate tax as entirely proper and believe that the estates of rich men owe something to the State.

Mr. CARAWAY. I am not disputing that.

Mr. KING. And therefore an estate tax is proper.

Mr. CARAWAY. I am not merely trying to wrangle with the Senator about it.

Mr. KING. I know the Senator is not. I respect his point of view, of course. As I have heretofore said, in 1918 I stated in substance that, except in rather unusual conditions, the Federal Government should not tax estates, but that if the States do not, then the Federal Government would.

Mr. CARAWAY. I have not any objection to the State itself levying an estate tax. It is within the province of the State to determine that.

Mr. KING. But I thought the Senator from Arkansas was opposed to any form of taxation upon estates.

Mr. CARAWAY. I have said that I am not opposed to that, but I do not see the wisdom upon which it rests. However, that is not the question that we have here. We are not concerned here with what the State should do. I did not intend to put myself in that position; but I am opposed to the Federal Government levying a tax for still another reason. I do not wish to take the Senator's time; but, in the first place, I have observed the tendency when the Federal Government enters the field of taxation to exploit it for every penny it can bear. The State has to do wholly with the question of the descent and distribution of estates. There is not any activity that the Federal Government can exercise in that behalf. There is not any justification, therefore, for it levying an excise tax on something over which it has no control and over which it exercises no authority.

The States need the revenue; the Federal Government takes it; and the more revenue the Federal Government collects the more extravagant it becomes. Everybody knows that the Federal Government is now expending at least a billion dollars a year that it has no justification to expend. The more easily it can accumulate money the more extravagant it grows; and the estate tax is a tax that it can exploit for hundreds of millions of dollars, robbing the States of a source of revenue and encouraging extravagance and exploitation by the Federal Government.

Mr. MOSES. Mr. President, may I ask the Senator from Utah a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from New Hampshire?

Mr. KING. Yes.

Mr. MOSES. I understood the Senator from Utah a few minutes ago to say that in 1918 he argued against the Federal estate tax.

Mr. KING. I stated in substance that the Federal Government had the right to tax estates and that there were many conditions under which it should avail itself of that source of revenue, but that with increasing obligations of the States I should be glad, so far as possible, to see this field of taxation left open to the State. I stated, however, at that time, that if the States failed to avail themselves of it, or if the systems which they adopted produced great inequalities and injustices, and particularly if some States refused to impose estate or inheritance taxes, the Federal Government would undoubtedly resort to the estates of decedents for a portion of its revenue.

Mr. MOSES. Mr. President, I have no desire whatever to say that the Federal Government has not a right to impose an estate tax, but I share the early opinion expressed by the Senator from Utah, that this particular tax should be left to the States. What interests me is to learn the process of reasoning whereby the Senator from Utah has departed from the attitude which he assumed in 1918.

If I correctly understood the Senator, he felt that the estate tax should be left to the States as a proper source of revenue for the States, but if the States did not undertake to secure their revenue from this source of taxation, then the Federal Government should step in. My understanding is that all the States except a few have some form or other of estate tax. Where, therefore, does the Senator from Utah base his contention that the Federal estate tax should be retained?

Mr. KING. Mr. President, I have not changed my position in this matter. I regarded it as proper to impose estate taxes during the war, and, as I have stated in the course of these remarks, we have a war indebtedness of $20,000,000,000, which must be paid. Many individuals accumulated enormous fortunes during the war and some have left large estates, and others will pass away leaving enormous holdings in part due to the war. There is justification for the Federal Government taxing these estates, as well as all other estates, in a reasonable amount, at least until the war debt has been materially reduced. Moreover—and I am repeating what I have said a number of times—the States have availed themselves to a limited degree only of death dues as a source of revenue.

Notwithstanding the heavy burdens resting upon the States, and they are owing $14,000,000,000, represented by bonds, they have collected but a few million dollars annually from estates and as inheritance taxes, and a disposition is manifested by some States to lower the taxes derived from estates or to not tax them at all.

In 1916 the States collected but $30,000,000 from estate and inheritance taxes. Alabama, Florida, Mississippi, New Mexico, and South Carolina and the District of Columbia obtained no revenue from this source. Arizona collected but a little more than $7,000; Delaware, $11,000; Idaho, $5,000; Kansas, $64,000; Nevada, $3,000; North Carolina, $30,000; Oklahoma, $13,000; and Oregon, $87,000. New York, which collected more than one-fifth of the total of all the States, obtained but $6,457,000. There has been an increase in the revenues derived by the States since 1916, and in 1923, $75,000,000 was collected from this source.

I have before me a table showing the percentage of total State revenue receipts obtained from inheritance and estate taxes for the year 1922. It shows, for instance, that Maine's percentage was 4.32; New Hampshire, 7.79; New York, 11.46; and New Jersey, 9.72. The average of the east North Central States, namely, Ohio, Indiana, Illinois, Michigan, and Wisconsin, was 3.52 per cent; the west North Central States, consisting of Minnesota, Iowa, Missouri, North Dakota, South Dakota,

Nebraska, and Kansas, gave an average of 2.35 per cent; the South Atlantic States, 2.49 per cent; the east South Central States, 1.23 per cent; and the west South Central States, consisting of Arkansas, Oklahoma, Louisiana, and Texas, 1.6 per cent; the Texas percentage being thirty-nine one-hundredths of 1 per cent, and Oklahoma five-tenths of 1 per cent. The Mountain States, eight in number, gave an average of 1.39 per cent, and the Pacific Coast States 6.92 per cent.

An examination of the laws of the various States shows how incongruous they are, and to what extent inequalities and injustices result because of the overlapping and duplicating methods and policies and also arising from the multiform methods of taxing intangibles.

A meeting of the National Tax Association was held in St. Louis in 1924 and a resolution was there adopted recommending that the association take steps to hold a conference at which representatives of the States and the Federal Government should be present to consider the problems of estate and inheritance taxation. Accordingly, a conference was held in Washington in February, 1925, at which were present representatives of the various States and a number of Congressmen, as well as publicists and political economists versed in the subject of taxation. There were also representatives of the Treasury Department who are familiar with our revenue laws.

At the conclusion of the conference resolutions were adopted referring to the inequality and injustice in death taxation arising from the ill-balanced and illogical State and Federal death tax structure. One of the resolutions reclared it imperative that—

death tax laws be so changed as to result in a rational tax system and which will do away with the abuses which tend to bring this system of taxation into disrepute.

A committee of able tax experts was appointed to gather information and study the question and report its conclusions. Mr. Frederic A. Delano, of Washington, was appointed chairman of this committee.

After an exhaustive examination of the subject, the committee submitted the following conclusions:

1. Inheritance taxes should be substantially uniform throughout the United States.

2. Inheritance tax laws and rates should be stable.

3. Inheritance-tax rates should be moderate.

4. Legislation should be enacted during the next session of Congress providing for repeal of the Federal estate tax, to take effect six years from the date of the passage of the repealing act.

5. The rate structure of the present Federal estate tax should be immediately revised downward.

6. The credit provision of the present law should be extended to allow a credit of all inheritance taxes paid to the several States up to 80 per cent of the Federal tax.

7. The Federal gift tax should be abolished.

8. Substitution by the States of estate tax laws for the succession tax laws now generally employed by the States is desirable.

9. Multiple taxation of the same property by States should be abandoned.

10. Intangible personal property should be taxed only by the State of domicile of the decedent.

Senators will perceive that the committee does not favor the repeal of the Federal estate tax law at the present time. Reference is made to the injustices resulting from multiple taxation of the same property by the States, and the committee refers to the conflicting views in respect to the situs of property for taxation and charge that this has led to "abuses which have become almost insufferable." The report says that every State which has an inheritance tax law undertakes to tax all of the intangible property of its resident decedents, and the great majority of the States, in addition, impose a tax on intangible property belonging to nonresident decedents where the property is located in the States. Thirty-six States impose a tax on corporations chartered by them, although the stock is owned by a nonresident decedent; and 11 States impose taxes upon the transfer of stock owned by nonresident decedents if the corporation has property within its borders, notwithstanding it be incorporated in another State. Sixteen States impose taxes upon stock owned by nonresident decedents, though the corporation is a foreign one, providing the certificate of stock happens to be physically located in the State at the time of death.

If time permitted, I would further discuss these inequalities and the injustices resulting from the present estate and inheritance tax systems.

These are some of the reasons why I am unwilling to vote for the repeal of the present Federal estate tax law. Moreover, as Doctor Seligman has pointed out and as I have shown, a number of the States to encourage migration are either abolishing estate taxes or declare that there will be no estate or inheritance taxes in the future. It is worthy of consideration also that there are approximately $14,000,000,000 of tax-exempt State and municipal securities now outstanding and $20,000,000,000 Federal securities, a portion of which are tax exempt. Doctor Seligman declares that by Federal estate tax these tax-exempt securities may be made to make some contribution to the Federal Government. He further adds that—

If there were no other reasons for a Federal estate tax, this would be sufficient, namely, to secure justice as between man and man, not to have one man taxed two, three, and four times, because if he invests in German and French and Italian bonds he would be taxed here upon his own estate, and then again in Italy, again in Germany, and again in France.

Without expressing approval of or dissent from the view of Doctor Seligman, I read a further sentence from his testimony before the hearings before the Committee on Ways and Means:

By reaching the tax exempts you will help to stem this very dangerous and swift tide toward what I fear is social disintegration in this country.

Returning to the question of the Senator from New Hampshire, I will say that I supported in 1918 the Federal estate tax because of the necessities of the Government, as well as for other reasons.

Mr. MOSES. As a war necessity?

Mr. KING. Not alone as a war necessity, but that was the paramount reason why I supported it at that time.

Mr. MOSES. Yes; but, Mr. President, we have now reduced the Federal expenses something like $2,000,000,000 a year. Why, therefore, should we not remit to the States their proper source of revenue, namely, the estate tax, as the Senator contends is proper?

Mr. KING. I did not say, or at least I did not mean to say, that conditions do not now exist to justify the continuance of this tax.

Mr. MOSES. What are those conditions, may I ask the Senator?

Mr. KING. I have given a number of reasons which I think answer the Senator's question. I have referred to the lack of uniformity in the State inheritance laws; the inequalities which exist in the various statutes; the fact that a number of States and the District of Columbia impose no death dues at all; the fact that billions of tax-exempt securities are escaping taxation except through estate taxes; the fact that the Government owes $20,000,000,000 resulting from the war——

Mr. MOSES. For which perfect provision has been made.

Mr. KING. The Senator evidently refers to the sinking-fund provisions of existing law, but it is one thing to provide by legislative fiat for a sinking fund and an entirely different matter to collect revenue to meet the obligation. We are making provision in the pending bill to meet the Government expenses and to provide for the sinking fund by imposing heavy burdens upon the people. And the Senate is now trying to increase the burdens upon the mass of the people by relieving large estates from paying taxes to the Federal Government.

Let us take off excise taxes; taxes upon automobiles and admission dues. When we have reduced the taxes to proper limits and have materially diminished our war debt, and when the States signify a desire to utilize inheritance taxes and estate taxes as an important source of revenue and enact laws that will accomplish that result, laws which operate justly and according to moral and legal standards of equality, then I shall look with favor upon the repeal of Federal estate taxes.

Mr. MOSES. Mr. President, the Senator from Utah is a member of the Committee on Finance and a very diligent member of that committee, as he is of every committee of which he is a member. Can he tell me or tell the Senate or the country whether he has any information to the effect that under the taxes as now proposed in this measure, even if he could strike from the bill those burdensome and nuisancelike excise taxes to which he refers, there would not still be sufficient revenue to support the Government?

Mr. KING. In my opinion, with proper economies, we can repeal all these excise taxes, also the capital-stock tax, and then there would be sufficient revenue to meet the expenses for the next fiscal year, and that without increasing the corporate-profits tax from 12½ to 13½ per cent.

Mr. MOSES. Without reference to what the Senator describes as proper economies—and I do not know exactly what he means by "proper economies"——

Mr. KING. The President, as I recall, used those words. I admit, however, that what the President regards as "proper

economies" would not answer my definition. In my opinion, the Budget which he has submitted with his approval recommends considerably more than $150,000,000 in excess of what should be appropriated.

Mr. MOSES. Without reference to any essential change in personnel or extent of governmental machinery, is it not our constant experience that there comes in to the Treasury every year a much larger sum of money than any of the experts have ever estimated?

Mr. KING. It is a fact that for a number of years last past the Treasury received hundreds of millions of dollars from the sales of unused war supplies; and the yield from corporate and income taxes, as well as from customs duties, exceeded the estimates of the Treasury experts.

Mr. MOSES. Is that not because, may I say to the Senator without attempting to inject anything which may seem to be partisan—is that not because——

Mr. KING. I say no in advance, because knowing the ratiocinations of the Senator's mind, I perceive the end of his question. It is not because of the wisdom of Republican legislation, or the economy of the Republican administration.

Mr. MOSES. But is it not because of the advance in prosperity of the country under the Republican administration? [Laughter.]

Mr. CARAWAY. Mr. President, may I ask the Senator from Utah a question? Of course he does not want to answer a question like that of the Senator from New Hampshire, which answers itself.

Mr. KING. I have been led into a discussion of matters not strictly germane to the question before us, so I shall decline to discuss the so-called "Republican prosperity" or the effects of Republican policy. At an appropriate time I shall be glad to canvass this matter with the Senator from New Hampshire.

Mr. CARAWAY. I heard with regret the Senator say a moment ago that he is in favor of remitting to the States the inheritance tax provided——

Mr. KING. No; I think the Senator misunderstood me.

Mr. CARAWAY. The Senator meant to remit that field of taxation to the States providing they exercised it and levied a reasonable tax. The Senator does not mean, however——

Mr. KING. My position is that I am not in favor of the Federal Government coercing the States into levying a reasonable or unreasonable estate or inheritance tax. I stated a number of conditions which must exist before I would be willing to vote to repeal the Federal estate tax.

Mr. CARAWAY. I am glad to know the position of the Senator. He does not believe that the Federal Government is interested in what a State does.

Mr. KING. No; in the sense that it can not and should not interfere with the States in the exercise of their sovereign powers.

Mr. CARAWAY. The State can enter any field of taxation, or leave it untouched if it wants to.

Mr. KING. That is true; but, of course, the Federal Government has what might be called a platonic interest in the States.

Mr. CARAWAY. The Senator does not mean that the Federal Government should try to exercise any control or bring any pressure to bear upon the States?

Mr. KING. Mr. President, I deny the right of the Federal Government to coerce any State or to weaken its sovereign rights, and Congress should not shape its legislation for the purpose of compelling the States to adopt policies which supporters of a strong central government believe should be adopted.

Mr. CARAWAY. If the Federal Government entered that field, it could proceed with the destruction of the States.

Mr. KING. Undoubtedly the Federal Government could weaken, if not destroy, the States by legislation of the character indicated by the Senator. I believe in the maintenance of the States in all their vigor and power. To impair their sovereignty would be an assault upon the foundations of the Government, because they are and should be as indestructible as the Union, and if the States are attacked or their power diminished, the Union itself is assailed.

Mr. CARAWAY. The Senator has declared against the continuation of the so-called nuisance taxes—the taxes upon automobiles and things of that kind.

Mr. KING. Yes.

Mr. CARAWAY. I am frank to say that I do not think that I quite agree with him, for it strikes me that if we have the opportunity to remit a death tax on an estate left to a child or to take a tax off a Rolls Royce, I believe honestly that it would be better to put it on the high-priced car and take it off of the dead man's estate if there be a choice between the two.

Mr. KING. The situation does not drive the Government to either extreme, but out of the 17,000,000 cars in the United States there are very few Rolls Royce. The majority are cheap cars owned by millions of people. There are more cars in the small cities, towns, villages, and in the rural districts than there are in the cities. The owners of automobiles pay more than a half billion dollars in State, municipal, and gasoline taxes. I have offered an amendment to relieve them from paying Federal taxes.

Mr. CARAWAY. And the State is making a market for the cars by building good roads.

Mr. KING. Yes, and the owners of the cars are helping pay for the roads; and the gasoline taxes, which are very heavy, are largely devoted to road construction.

Mr. CARAWAY. There would have been very few automobiles if the States had not built roads and made it possible to use them.

Mr. LENROOT. Taking the other extreme of the illustration of the Senator from Arkansas, what would he think about taking off the tax on the farmer's Ford and putting it upon the $10,000,000 estate which was not earned?

Mr. CARAWAY. The only thing about it is that the tax on the farmer's Ford is a tax that he voluntarily assumed. He buys the Ford because he wants it. The thing that is laid upon the dead man's estate is because the hand of God has stricken him down. There is a very wide difference between assuming a luxury and buying it because you want it, and simply being unable longer to live and therefore being taxed because you have to die.

Mr. KING. The Senator from New York [Mr. COPELAND] evinced great solicitude for the heirs of deceased persons, and seemed to question the right of a State to tax decedent's estates. I called attention to the fact that liberal exemptions are allowed in those States where death dues are imposed. That is true of the Federal Government. The right to transmit property is not a natural right. It rests upon law. The State of Virginia might pass a law that no man could transmit his property and that upon death it should escheat to the State. Such a law, in my opinion, would not be unconstitutional. I am assuming, of course, that in the constitution of Virginia there is no prohibition. The right of devolution depends upon the legislation of the States and, of course, upon State constitutions.

Mr. CARAWAY. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. CARAWAY. The Senator says the right to hold property is a right granted by legislation. Then, what objection would the Senator have to a capital tax?

Mr. KING. A thing may be morally or legally and technically right, and yet it might be inexpedient and exceedingly unwise to exercise the right. Undoubtedly the State could levy a capital tax. I am assuming, of course, there is no prohibition in its constitution. But, as I have heretofore stated, most taxes are in a technical sense—or at least in the last analysis—a tax upon capital. Unproductive property, as I have stated, pays taxes, and oftentimes in order to meet the levies the property is sacrificed by the owner. The income derived from property becomes capital in the hands of the owner. He may invest it in real estate or other property. It is still capital. He may be required to pay all or a portion of it to the State. It has not changed its qualities or characteristics, whether invested or deposited in the bank or paid to the State.

Mr. CARAWAY. Then, why not just adopt a tax providing that when a man's property no longer yields him an income, and therefore we can not reach him with an income tax, we will take so much of his principal every year—as much as the State ought to take if he had been a citizen who earned something?

Mr. KING. Mr. President, there are defects and injustices in all tax laws, and in revenue enactments the Government does not always go to the limit of its technical legal authority and power. It might do many things which would be unwise and unjust, and ultimately defeat the very objects in view. But governments in all legislation, and particularly in tax legislation, must consider what is wise and what is best for the public welfare.

I repeat, there is a shadowy line of difference in principle when we get to the very base of the question between taxing the proceeds derived from property and taxing the property itself. There is a great deal of difference, however, in the results. It would be unwise for the State under the taxing power to transfer property bodily from the individual to the State. The State does not want the goods and chattels and

the real estate belonging to individuals. It wants only sufficient of the earnings of the people to meet the imperative needs of the State. If it takes more, it is robbery.

If the corpus of property were transferred to the State, the revenues of the people would soon be reduced to the vanishing point and we would have a communistic state. Lenin in Russia, by proclamation or, as some say, by legislative fiat, transferred all property from the individuals to the state.

The result has been calamity, and the folly, if not the wickedness, of such a procedure is beginning to be realized by some of the more progressive and intelligent bolsheviks, and a movement which will prove irresistible is now observable in the direction of private or individual ownership of property. But the harm which has come to Russia can not be estimated, and generations will pass before the effects of the awful tragedy of bolshevik rule will be effaced from Russian life.

The Senator from New York referred to Mr. Ford, and was concerned about his factories and his plants if estate taxes are to be continued. Mr. President, the death of Mr. Ford or Mr. Morgan or any other great captain of industry or finance will have but slight effect upon our economic or industrial life. These men are but bubbles upon the swelling tides that carry humanity forward. Industrial and social systems are modified and changed with the passing years. If such organizations as Mr. Ford's are for the social and political welfare of the people, they will survive. Otherwise, not. Mr. Rockefeller, whose commanding genius built up the Standard Oil Co., is a passing, if not, a past figure. And yet his powerful organization is more omnipotent now than ever. Doubtless Mr. Ford's stock will pass from his hands before his death and the organization which he has built up will survive his death.

But, Mr. President, reasonable estate or inheritance taxes will not destroy organizations of this character. We need not worry over these huge estates or the properties of Mr. Rockefeller or Mr. Ford. Wealth will care for itself. If not immortal, it has many lives and enduring qualities. But, of course, all revenue laws should seek justice and should treat with the same fair consideration men of wealth as the poorest and humblest citizen in the land.

I referred to the question of the devolution of property. The best interests of society justify the right to transmit property by will, but as a man's earnings in his lifetime are subject to taxation, so also may his accumulations be taxed after his death. The right to transmit may be taxed, and it has been definitely established that the Federal Government may impose such a tax. That was held in the case of Knowlton *v.* Moore (178 U. S. p. 41), and in the case of Purdy *v.* Eisner, decided in 1921.

The value of all tangible property in the United States is $320,000,000,000 and the income derived therefrom amounts to between $50,000,000,000 and $60,000,000,000, annually. It seems to me rather absurd to argue that for the Federal Government and the States to collect less than $200,000,000 annually, is a capital levy.

In the calendar year 1922, the gross estates in process of settlement amounted to $2,937,000,000, and the net taxable estates to $1,673,000,000, and the Federal tax to $119,000,000. In 1923 Doctor Seligman states that the gross estates were $2,525,000,000 and the net taxable estates $1,374,000,000, with a tax of $69,000,000.

Great Britain with its heavy death duties is increasing its capital. And notwithstanding the mournful cries in the United States as to the effect of death duties preventing savings and destroying capital, the savings in our country are greater than ever before, and the accumulations in the hands of the estates were never so large.

It is argued by some that the earnings of individuals and corporations are not solely derived from the States in which the individuals reside or the States in which the corporations were organized. At one time business was largely intrastate, but now much of it is interstate, and States are largely geographical expressions so far as business and business activities are concerned. There is no commodity that can be dominated intrastate.

The products of farm and field and mill and mine quickly pass beyond State lines. Most mines of the West are owned by stockholders who reside in the East. The men of the West toil and produce copper, gold, silver, and lead, but the net earnings are not enjoyed by them, but by corporations and estates or trustees or individuals in the East. The wealth of New York is not produced in the Empire State exclusively, but from all parts of the United States it flows like rivulets and streams from the mountains to unite in one mighty river.

It seldom can be said that the estate of a decedent was produced by or in one State alone—in the State where the decedent had his domicile. Indeed, the efforts to enforce the State inheritance and estate taxes reveal the fact that oftentimes the decedent's intangibles, based upon property beyond the limits of the State in which he died, greatly exceed in value the property situate within the State of his domicile. The estates of decedents of moderate means are usually found to have listed property beyond the State in which the deceased is resident, and many individuals live in one State—for instance, New Jersey or Connecticut—whose business activities are within the State of New York.

The great economic and industrial changes in our country do not permit of the establishment of an inflexible formula for the taxing of estates. However, I believe that death dues should not constitute any considerable part of the revenues of the Federal Government. Indeed, as I have indicated in the minority views which I submitted to the Senate as a member of the Finance Committee, the time would come when this field of taxation with property might be left exclusively to the States.

Mr. President, I regret having occupied so much of the Senate's time, but repeated interruptions have led to repetition and prevented a concise presentation of the subject. I hope the Senate will reject the amendment offered by the Finance Committee and accept the provisions of the House bill dealing with estate taxes, with an amendment striking out the provision calling for the return of 80 per cent of the taxes collected, and continuing the present provision which remits 25 per cent to the States.

If it were a proposition de novo, I should oppose the return of any of the taxes collected to the States, but the present law carries the 25 per cent provision, and I realize how utterly impossible it would be to secure a repeal of that provision. Indeed, the House has insisted upon changing the figures to 80 per cent.

The estate-tax provision as it appears in the House bill is unsatisfactory to me, but in view of the fact that it provides for estate taxes within reasonable limits, I prefer it to the position taken by the Finance Committee of the Senate.

I shall at the proper time ask for a vote upon my amendments to the pending bill, which call for the rejection of the Senate committee's amendment and an acceptance of the House provision, with an amendment providing for 25 per cent instead of 80 per cent of the taxes collected to be returned to the States from which they were obtained.

Mr. CARAWAY. Mr. President, I shall occupy the time of the Senate for only a minute.

I am opposed to any provision in a tax bill that undertakes to levy a tax within the State and return it to that State conditioned upon the State surrendering some right, which the bill, as it came from the House, did. It undertook to coerce the State into levying an inheritance tax or estate tax, in order that it might receive back from the Government 80 per cent of the amount of inheritance tax paid in that State, which the Federal Government sought first to collect and to transmit to the State.

If that principle shall be recognized, the independence of the State is destroyed. First, you may compel it to levy taxes when, as in the case of Florida, it does not need the revenue. After you had exploited that field you could control any other activity of the State. I called attention a while ago to the case of the late Senator Lodge, of Massachusetts. Had he fallen upon this instead of the idea of a force bill he would have had a very much more effective weapon in his hands. It would be perfectly easy to compel the State to surrender its control over any of its internal affairs or else crush it by taxation. The proposal is so vicious that it is nonunderstandable to me that any one should approve it. Under the exercise of a similar power the Federal Government could make California come to its knees and surrender its right to exclude Japanese from owning lands within the State. It could make my State, as I said a minute ago, surrender its right to maintain separate schools for white and black children. It could destroy the independence of the States in any respect and in every respect, and therefore I can not understand how anybody should have supported the proposal.

It is just as vicious under the amendment offered by the Senator from Utah, to return to the State 25 per cent, as it is under the provisions of the bill as it came from the House, to return to the State 80 per cent. It is the principle against which I protest; and I do not believe that any Senator, after he thinks of it, will be willing to enter upon that dangerous field of coercing the State by threatening to burden it with taxes if it does not adopt a certain policy that the Federal Government may approve.

Back of that, if the State wants to levy an estate tax or an inheritance tax, of course, that is for the State. I have no dis-

position to express an opinion as to what the States should do. I am at a loss to understand, however, as I have said before, how the morality of the act can appeal to anyone. It rests, not upon the acquisition of new property, not upon any benefit that has accrued to the one on whose property the tax is levied; but simply because the one who accumulated the estate, and who has paid every dollar of the tax assessed against it—paid as much as his neighbor, paid all the law asked or all the law had a right to ask of him—dies, and the property is transmitted to his heirs, at once a part of that property is taken, not because any benefit has accrued, not because any acquisition of new property has accrued to the party receiving it, but simply because the ancestor dies the state takes a part of the estate.

There was a time when, upon the death of one who owned property, his property became that of whoever could seize it. There was just as much morality in that as there is in this act. They took it because he was no longer able to defend it, because he was no longer alive. It became the property of those who could first lay hold of it. After a while it escheated to the king or to the lord, and he gave it back to the heir with certain burdensome conditions attached to it. But through the long centuries, when people fought for their right to acquire and control their own property as well as the right to control their own actions, it finally became recognized that a part of the very right to hold property at all was the right to transmit it. I do not see, therefore, under what pretense, simply because one is dead, the State or any one else has the right to go in and take a part of the estate. If it can take 20 per cent of it—and that seems to be the virtue claimed for this proposal, that it does not take more than 20 per cent—if it can take 20 per cent it can take 100 per cent. If the holding of private property has proven to be a curse and not a benefit, let us let the property escheat to the state upon the death of the person who accumulates it; let us take it all, because under the same power of laying our hands upon the dead man's estate we can take 100 per cent of it as easily as we can take 20 per cent.

I believe everybody ought to pay his taxes, and pay in accordance with his ability to pay, but after he has paid them I think then he ought to be acquitted from any other burdens that everybody else in the State does not bear with him. Nobody can contend that an estate tax rests equally upon all, because it does not. It is not meant to.

This field has been well gone over. I wish now to offer an amendment, which I understand is to be accepted, not dealing with this particular question, but dealing with the question of making available to the taxpayer information which may be received by the department, or any agent thereof, in determining whether or not a taxpayer has in fact paid all the taxes that he should pay; in other words, to enable him to have a trial when he knows who it is that says he has not discharged his obligation to the state, and that he may know what the charges are, and not have a star chamber proceeding, as we now have.

I offer this amendment, and ask that it be printed, and lie on the table.

The PRESIDING OFFICER. Without objection, the amendment will be printed, and lie on the table.

Mr. BRUCE. Mr. President, I can not let the amendment suggested by the Finance Committee to the pending bill pass to a vote without distinctly placing on record my personal convictions in relation to it, not only by my vote, but by an oral expression of my sentiments.

I do not believe that there is a field of any sort into which the hand of reform can more seasonably be pushed at the present time than the field of post-mortem taxation. Has your attention ever been called to the fact, Mr. President, that under the tremendous mass of superincumbent taxation which now rests upon the estates of decedents, it is entirely possible for the estate of a decedent to be totally destroyed by taxation? Some time ago the president of one of our trust companies in Baltimore came out in a most interesting pamphlet in which he mentioned several specific instances in which the entire value of the estate of a decedent had, by general property taxation, income taxation, State transfer taxation, and other forms of taxation, been completely absorbed. In other words, the Commonwealth had taken everything and nothing was left for the heirs. So it seems to me that any subject which is closely related to the general subject of post-mortem taxation is at the present time one calling for the closest and most earnest consideration.

I do not say that the estates of decedents should under no circumstances be subject to estate or inheritance taxation, though I think that much could be said in behalf of that idea. A man dies, his estate continues to be taxed in the hands of his personal representatives, and when later on it is distributed by them it still remains taxable in the hands of the distributees.

Abstractly, I might not unreasonably deny the right of the State to tax the mere privilege that a man enjoys during his life of providing for the transmission of his estate after his death to his beneficiary. An estate tax diminishes incentives to thrift and accumulation; it is a tax on capital, and often can be raised only by the sacrifice of nonliquid assets. But when one calls attention to these things, he is wandering off more or less into the province of a priori philosophy, and I have no disposition, when dealing with such an eminently practical thing as taxation necessitated by extraordinary exigencies, to allow myself to be drawn off into any such province.

I will assume that, either for the purposes of Federal or State taxation, the estate tax should be continued as a part of our tax system; but I do say that no Member of this body has the right, under the guise of taxation, to seek social legislation. That, it will be recollected, Mr. President, was only a short time ago bluntly stated by the President in one of his messages.

When I turn back to the records of the Sixty-third Congress I find the Senator from Nebraska [Mr. NORRIS] saying that his purpose in offering an amendment relating to the estate tax was to break up swollen fortunes; that is to say, not to bring money into the Treasury of the United States for fiscal purposes merely but to work the disintegration of great fortunes. As long as there is a Federal Constitution, as long as there are State constitutions, as long as there are State legislative bodies not accessible to corrupt influences and honest and fearless executive officials, I for one am not afraid of swollen fortunes.

I have heard Members of this body express themselves as if wealth were some kind of ogre or monster, "Gorgon or Chimæra dire," as the poet says. For one I do not regard wealth as a curse. I regard it as a blessing. If it is ever a curse it is only because the representatives of the people have not been faithful to the injunctions of the Constitution and laws which they are sworn to obey.

To my mind a rich man in a community is nothing less than an irrigating stream passing through an arid plain.

The extent to which he can make any personal use of his fortune is most limited. If I am rich, I can not spend a dollar without benefiting everybody in the community around me. The only wealthy man, as I had occasion once to say upon the floor of the Senate, whose wealth does not benefit everybody about him, is the man who keeps his wealth up a chimney or in a hollow tree or in a hole in the ground. No sooner does an opulent man begin to expend his money than he benefits the butcher and the baker and the candlestick maker; everybody, in a word, who can be profited by the beneficent flow of a stream of wealth.

I live, I thank God, in a community in which there is no prejudice, or no prejudice worth speaking of, against wealth. I am not wealthy myself, and I am glad further to say that, as one member of that community, I, too, have no bias against riches. It is to our wealthy men in Maryland that we turn whenever we need money for eleemosynary purposes or good purposes of any kind. In speaking for the rich men of Maryland I can say that we never call upon them in vain. They are among our best citizens, among our best citizens in every sense of the word. Their hearts are enlisted in religious work, in charitable work, in public tasks of all sorts, and, as I have also had occasion to say on this floor before, if there is any place in the Union where wealthy men are not duly prized, please let the place pass them on to the State of Maryland. We will take them, and gladly take them, and if any of them have any disposition to disregard our wholesome laws, we have honest and capable officials to see that any injury that is done by them to the public is soon redressed.

At times I find difficulty in understanding why the wealthy men of this country are so patient under the constant denunciation to which they are subjected. One day they are held up to public scorn as freebooters, conspirators, malefactors of great wealth, men who do not have anything, really, in common with their less fortunate fellow citizens, men who should be more or less legislatively proscribed, and personally visited with stripes and chains.

Under such circumstances it is a little perplexing to ask why a man like Rockefeller, or Carnegie, or Duke, or any other very rich man, living or dead, like them should not weary, or should not have wearied, of well doing. Yet, after all this misrepresentation and invective, after impositions even of 40 per cent held over their entire fortunes we have seen such men continue in their wealth, in one way or another, to be fruitful of benefits not only to the communities in which they

live but to the entire United States; the Rockefeller fortune year after year contributing millions and millions of dollars to the education of the poor, ambitious youth of the land; the wealth of Carnegie year after year, in the form of noble libraries and other beneficent institutions, conferring a boon of such value upon humanity that it can hardly be expressed in words; and Duke only a few months back conferring upon his native State for higher educational purposes a pecuniary bounty amounting to not less than some $94,000,000.

The truth is I suspect that these rich men make the allowance for the abuse to which they are subjected. They have too much sagacity, too much knowledge of the world and of the course of human affairs and the play of human character not to make such allowance. They know that most of the attacks upon wealth are inspired by mere cant or demagoguery to which no intelligent, rational man should be too quick to lend his ear.

So it would be against my principles to give my approval to any estate tax that is designed merely for the purpose of breaking up swollen fortunes. Of course, I do not wish to be misunderstood. Wealth has its temptations, its strong, urgent temptations, but no temptation at that so strong or so urgent as the temptations of indigence. All forms of power—and wealth is an imposing form of power—must be vigilantly kept in eye by the representatives of the people. As John Randolph of Roanoke once said, "Nothing can limit power save power." Assuming that a democratic society has a sound constitution and sound laws and honorable, upright and faithful representatives to enforce them, there is nothing to justify the fear that any class of men, however affluent it may be, will ever constitute any permanent incubus upon the popular welfare.

I am in favor of the amendment offered by the Finance Committee, because it abolishes in toto the Federal taxation of estates; and I say that because I think that in times of peace, in times when the Federal Government is in no need of extraordinary sources of taxation, the field of estate or inheritance taxation should be left exclusively to the States.

It is under the protection of the States that property is acquired and held, willed, and distributed. The estate liable to an estate or inheritance tax is a creature of State government, not of the Federal Government. Primarily, therefore, the claim of the States upon estate and inheritance taxation as a source of taxes is paramount to that of the Central Government. That fact has been recognized by the latter Government from the very beginning. In 1797 Congress imposed a tax upon legacies and distributive shares; in 1802 it was repealed. In 1862 Congress imposed a similar tax upon legacies and distributive shares; in 1870 it, too, was repealed. In 1898 a similar tax was imposed by Congress; in 1902 it, too, was repealed. In other words, the Federal estate or inheritance tax is a war tax. It has always been the offspring of either flagrant or impending war. Such was its origin in 1797, in 1862, in 1898, in 1916. In 1916, as the Senator from Florida [Mr. FLETCHER] said, we were on the eve of war. We heard the rumblings and felt the tremblings of the approaching earthquake. We had reason to believe that we would soon be involved in war, and simply took time by the forelock when we created the estate tax of that year. Some of the Members of this body, I am sure, will remember that when the estate tax was modified in October, 1917, it was expressly referred to as the war estate tax. That is my answer to the Senator from Wisconsin [Mr. LENROOT], who questioned whether the estate tax imposed in 1916 was in truth a war tax.

Mr. LENROOT. Does the Senator say that when it was imposed in 1916 it was a war tax

Mr. BRUCE. I do.

Mr. LENROOT. That is when it was first levied.

Mr. BRUCE. Yes; it was levied first in 1916. In the State in which I live a national defense association, composed of the foremost citizens of Baltimore, was in existence in 1916. I affirm, as I have often done, that the merchants and other business and professional men of Baltimore showed far more foresight on the eve of the World War than many statesmen in Washington did, not excepting some who were holding the very highest posts under the Federal Government.

In the present instance, too, the exigency that evoked the Federal estate tax has passed or is passing so rapidly that we may regard it as passed. Federal taxation is diminishing like a melting snowball. State and municipal taxation is increasing like a rolling snowball. Every year now sees a marked diminution of our national debt, and that notwithstanding the fact that a steady reduction in Federal taxation is going on from year to year, but the level of State and municipal taxation is rising higher and higher from year to year. The very richest sources of taxation are open to the Federal Government. There is the great field of tariff taxation—what appertains to the power of the Federal Government to impose duties on imports of every sort, a most fruitful source, an exceedingly constant source of revenue. There is the income tax with its enormous potentialities, and for my part I should like to see the States surrender the privilege of income taxation altogether to the Federal Government, but I do not think that the Federal Government could set up a juster claim to the exclusive right to levy income taxation than the States to the exclusive right to levy estate or inheritance taxation.

Why, Mr. President, to the Federal Government the estate tax amounts to but little. It is calculated that in 1926 it would only be some 3.9 per cent of the whole volume of Federal internal revenue taxation. Now that the shadows of war have fled and there is no longer any occasion for the Federal Government to rely upon estate taxation for war purposes, the power of the States to levy such taxation might be a matter of the very highest degree of significance to them. There are some States in the Union that derive as much as 14 per cent of their entire revenue from estate or inheritance, taxation, and so on down the scale, to 13, 11, and 10 per cent. In other words, the right to tax estates or inheritances is a matter of momentous importance to the States, but of comparatively trivial importance to the Federal Government. Why then should not the right be surrendered by the latter Government to the States?

Surely with such splendid resources as import duties and income taxes the Federal Government might be generous enough to let the States have estate or inheritance taxation solely to themselves. As I have intimated, the States need it badly. A legislative committee reporting at Albany last year called the attention of the New York Legislature to the fact that at that time taxes in one form or another were absorbing no less than 30 per cent of the net revenue of the New York farmer, and of the farmer at that who was possessed of the most productive lands in the State of New York. Of course the percentage was still higher in the case of lands less productive in value.

Indeed, Mr. President, I can not understand how, with full knowledge of this state of affairs, some Members of this body, who are forever harping upon the woes of the farmer, can be unwilling to let the States in which the farmer lives have the full benefit of estate or inheritance taxation. It seems to me that the conduct of those Members of this body is as hopelessly inconsistent as the conduct of other Members of this body who are prepared to give their assent to large increases in the expenses of the railroads at the very moment when they are decrying in the bitterest terms the high railroad rates of which the farmer complains. When I note inconsistencies of this kind I can not help believing that on the part of some of those who exhibit them there is far more uneasiness about reelection than there is about the real welfare of the farmer. So I say, let us abolish Federal estate taxation altogether, and let the States have the undisputed enjoyment of that instrument of taxation.

It follows from what I have said that not only do I favor the amendment suggested by the Finance Committee but that I am inflexibly opposed to the manner in which estate taxation was handled by the House of Representatives when the pending bill was under its consideration. As I have more than once had occasion to declare since I have been a Member of this body, it is high time that the Federal Government should cease to encroach upon the just rights of the States. I was opposed to the old candid, direct forms of Federal encroachment upon the domain of State jurisdiction, but feelings engendered in my breast by those forms of encroachment are but languid as compared with the feelings engendered in my breast by the more modern forms of Federal usurpation.

The time has arrived when the Federal Government is thrusting its hand into the very bosom of State authority, asserting sovereignty in one degree or another even over such subjects as infancy, maternity, labor, education, health, construction of State highways, and what not, things that no one in the earlier stages of our national history ever imagined for a moment that the Federal Government would attempt to intermeddle with. In recent years, through the agency of what has come to be generally known as 50-50 legislation, the National Government has contrived a means of filching from the States a large and a most precious part of their rights of local self-government.

All of us know how seductively, how insidiously the Federal appropriations, which are made from year to year for the construction of State highways in the Union, operate. After the Civil War there was for some time danger of State sovereignty being raped. That day has passed. Now the process by which the Federal Government, year after year, intrudes more and

more upon the province of State rights is a process of indirection, a process of stealth, a process of spoliation in the guise of helpful beneficence.

In the pending bill we have one of the most striking of all recent illustrations of that process. A sovereign State of the Union, the State of Florida, which has never had an estate or an inheritance tax, or an income tax, has seen fit, in the exercise of its own ideas of State policy, to adopt constitutional provisions prohibiting State estate or inheritance taxation, or State income taxation. Did she not have the right to do that if she saw fit to do it? If her condition was so fortunate that she could dispense with estate or inheritance or income taxation, is that any reason why the Federal Government should endeavor, in the cunning manner evidenced by the House provisions of the pending bill, to deprive her of her autonomy?

The House proposition is nothing less than an astutely devised expedient for fitting every State in the Union to one standard procrustean bed of taxation. The idea of that proposition is to make estate or inheritance taxation so alluring to the States that they will all adopt the same system of such taxation for the purpose of obtaining the credit of 80 per cent upon their Federal estate tax bills provided by the House. As the Senator from Arkansas [Mr. CARAWAY] has argued with such unanswerable force, the Federal Government might just as well attempt, in the same oblique manner, to control any other matter of State policy, to compel a State to knuckle under to its will in any respect whatever. In that manner the Federal Government might exercise dominion over education in the States, the tenure of property in the States; in fine over any and every matter of State concern, however intimate or vital. No power would be left to the States worth a pin's fee if such a practice on the part of the Federal Government were to be recognized and given force. And just reflect how unequally the House proposition would work! Most estates which are settled up in State probate courts fall below $50,000. That class of estates, of course, would not be entitled to any credit at all under the House proposition, because there would be no Federal estate tax upon which the credit could be made.

Mr. LENROOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Wisconsin?

Mr. BRUCE. I yield.

Mr. LENROOT. I should like to follow the Senator, but I do not quite do so. If the estate is under $50,000 it is not affected at all by the present law.

Mr. BRUCE. That is just what I have stated; consequently, as to such an estate there would be no Federal estate tax on which any State estate tax could be credited. In other words, the proposition runs a line of invidious discrimination between estates of less than $50,000 and estates above $50,000.

Then another thing is to be borne in mind; inheritance taxation in many of the States—there is not much estate taxation in the States—is limited to collaterals. Take the State of Maryland, for instance. That State does not impose an inheritance tax upon anything except distributive shares or devises or legacies received by collaterals. So, in such States, except in the case of collaterals, there would be no State estate tax to be credited on the Federal estate tax even where the estate did not fall below $50,000. Can anyone deny that? In other words, the proposition of the House of Representatives not only draws an invidious line of distinction between estates that fall below $50,000 in value and estates that rise above $50,000 in value, but also draws the same line of distinction between estates that pass to the wife or lineal descendants of the testator and estates that pass to collaterals.

Those are matters to which no reference has been made in this debate, so far as I know, but they certainly are matters of the most pregnant meaning, which should be duly taken into account in asking just what the sequels of this proposition of the House, if carried into effect, would be.

Mr. WILLIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Ohio?

Mr. BRUCE. I do.

Mr. WILLIS. I have not been privileged to hear all of the Senator's remarks, and possibly he may have covered this ground. I should be interested, if he has not covered the ground, to have him state what he thinks would be the effect on the rates of local taxation upon real and personal property in the States of the continuation and extension of the Federal inheritance tax?

Mr. BRUCE. I think it would be very serious, indeed. The Senator was not in the Chamber when I referred to some of the statistics that bear upon that matter. I will say to the Senator from Ohio that there are some States of the Union that derive as much as 14 per cent of their entire revenues from estate or inheritance taxes; and, of course, the effect of State estate or inheritance taxes is, as far as they go, to relieve the State property owner of the burden of taxation on his land.

Mr. WILLIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland further yield to the Senator from Ohio?

Mr. BRUCE. I do.

Mr. WILLIS. The Senator will understand, of course, the point that I am driving at. The complaint in the country is about the high rates of taxation for municipal and county and State purposes. Now, it seems to me that if the Federal Government is to insist upon occupancy of this field of taxation, just as the Senator says, it must inevitably lead to increased burdens of local taxation.

Mr. BRUCE. Unquestionably, I say to the Senator from Ohio. As the legislative report of the New York committee to which I referred a little while ago shows, in the State of New York, even as respects the most highly productive lands, taxation absorbs 30 per cent of the net revenue of the farmer, and a still larger percentage in the case of the revenues of less productive lands. So, while I do not wish to repeat myself, it is hard for me to understand how anybody who feels any very intense solicitude about the farmer, such as is so often expressed upon the floor of this Chamber, should hesitate to turn over this particular branch of taxation exclusively to the States.

For instance, I will say to the Senator from Ohio, in 1922—I have no later statistics—inheritance taxes constituted 14 per cent of the State revenues from all sources in the State of Rhode Island, 13 per cent in Massachusetts, 13 per cent in Pennsylvania, 11 per cent in New York, 11 per cent in Connecticut, 11 per cent in California, 10 per cent in New Jersey, 7 per cent in North Dakota, and 7 per cent in North Carolina. This particular taxation is a matter of the very highest degree of importance to the States. It is a mere song so far as the Federal Government is concerned.

Mr. LENROOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Wisconsin?

Mr. BRUCE. Certainly.

Mr. LENROOT. With reference to the inquiry of the Senator from Ohio, I should like to ask the Senator a question. If the House provision should prevail, allowing a credit of 80 per cent, does the Senator think the State of Maryland would increase its inheritance taxes so as to get the full benefit of the 80 per cent?

Mr. BRUCE. All I have to say is that I do not want my State subjected to the temptation of any such seduction.

Mr. LENROOT. That is hardly the question I asked; but let me put another question. If it did increase the credit, it would immediately relieve the general property of the taxpayer in the State of Maryland by the amount of the increase; would it not?

Mr. BRUCE. I think—I may be wrong about that, now—but I think that for upwards of 50 years at least the policy of our State has been to impose inheritance taxation only on estates passing to collaterals. I can not conceive of anything of the sort that would be more obnoxious to the sentiments, feelings, and convictions of our people than coercive legislation by the Federal Government which made them feel more or less as if they were compelled to alter their own ideas of State policy in order to obtain a benefit which they would gladly reject if let alone. We get right back to the crux of the thing when such a question is asked as the Senator from Wisconsin has asked of me. I reply to his question, as we are only too apt to do, by asking another: Why should not the State be allowed unseduced, unmolested, unafraid, to pursue its own ideas of State policy?

Mr. President, I believe that there is nothing remaining for me to say except to call attention to the very small revenue that the Federal Government would derive from estate taxation in case the proposition of the House were adopted. It is computed that the amount that would be derived during the present year from the Federal estate tax would be about $110,000,000. If 80 per cent of that went to the States, that would, of course, be $88,000,000. The Federal Government would get only $22,000,000. That would be the net result that it would reap from carrying into execution the ideas of the House.

In conclusion, Mr. President, I simply desire to call the attention of the Senate to the very small percentage of its entire taxes that the Federal Government has derived from estate taxation. During the Civil War and Spanish War the Federal inheritance tax never amounted to 1 per cent of the total

ordinary revenues of the Government, and even during the World War the best that it did was to contribute 3.6 per cent in one year to the revenues of the Government. The pending amendment suggested by the Finance Committee asks the Federal Government to give up something of very insignificant value to it and to confer upon the States something that might be of very great value to them indeed.

Mr. LENROOT. Mr. President, those favoring the repeal of the Federal estate tax approach the question from widely different roads, but they arrive at the same station. The Senator from North Carolina [Mr. SIMMONS] urges the repeal of the Federal tax upon the ground that the States need all the revenue that can be secured from a reasonable imposition of an estate or inheritance tax. Hence, he is in favor of the repeal of the Federal tax. Others frankly take the position that any imposition by either the Federal or the State Government of an estate or inheritance tax is immoral and wrong.

Mr. President, I am a little surprised to find many Senators on the other side of the aisle declaiming against the Republican Party as being the friend of special privilege, charging upon the platform that, due to the policies of the Republican Party, swollen fortunes have been gained, unearned, through special privilege, and yet they are unwilling to have the Federal Government secure any revenue by way of taxation out of those so-called swollen fortunes by way of an estate tax when it has an opportunity to do so.

My position upon this question is not that the States should be coerced. It is very simple. I believe that no fairer tax can be imposed than an estate or inheritance tax. Given reasonable exemptions, it is much fairer to impose such a tax than to impose an income tax upon an earned income of $5,000 a year. It is much fairer to impose such an estate tax than to impose an excise tax of 3 per cent on the sale of a Ford automobile. So, Mr. President, when we have one legitimate source of revenue that can be properly taxed by two jurisdictions, the State and the Federal, the fact that there may be conflict between those two jurisdictions is no reason why that source of revenue should go scot free and not be taxed at all.

Mr. President, my view is just this: The Federal Government should impose a reasonable estate tax and, recognizing that the States have the same power to impose a tax that the Federal Government has, consideration should be given to the taxing power of the other jurisdiction.

It might well be that with the unlimited exercise of the power of the two jurisdictions an estate might be entirely confiscated; and we may come to the time when the same principle will apply to the income tax, because the States to-day have exactly the same power to tax incomes that the Federal Government has.

It might be that we would have a State imposing such a high State income tax that when added to the Federal income tax it might practically confiscate the income. The jurisdiction of the State, as well as that of the Federal Government, is a very proper factor to be taken into consideration in the levying of taxes.

The House provision in this respect does what? It denies no power to the States, either to tax or to relieve from taxes. It does just this one thing, it recognizes fortunes transmitted at death as a legitimate subject of taxation, and it imposes a fair and reasonable rate. Then, by the credit provision it says, recognizing the States have the same power in this respect that the Federal Government has:

> If the States choose to exercise their power and use this as a source of revenue, in justice to the estate, we will deduct from the Federal tax the State taxes paid up to 80 per cent of the amount of the Federal tax.

If a State does not care to do that, as in the State of Florida, there is no discrimination against the State. We say that if Florida does not need this source of income, the Federal Government does, and we will have it, and the estate pays no more in one case than in the other.

It is urged that a Federal income tax has only been employed in time of war; but recognizing, as we must, that in 1916 the Federal inheritance tax, which has continued in existence in one form or another, was then employed, and as we were not then at war, it is admitted that in that case an inheritance tax was not only imposed when we were not at war but when the party that imposed it made a campaign throughout the United States and elected its candidate upon the platform that he had kept us out of war, giving the people of the United States to understand that by keeping the Democratic Party in power the United States would not get into the World War.

They say that the inheritance tax was necessary, that it was then proper in order to prepare the country for emergencies. But they say now the emergency is gone, now there is no more reason for this tax. They say the Federal Government does not now need the money. But they do say that the Government still needs 3 per cent tax on automobiles; they say the Government still needs a tax on admissions and dues; they say the Government still needs an income tax on all incomes in excess of $3,500 a year, but that it does not need the estate tax.

Do Senators think the people of the United States are going to accept that reasoning, that they are going to say that great fortunes of $10,000,000 and over need pay no tax to the Federal Government because we do not need the money, when we continue all the other taxes which are provided for in this bill?

Mr. President, the chief argument made by the majority on both sides of the aisle—because this, too, is a nonpartisan question—is that the States need this revenue, and that if the Federal estate tax be repealed the States will increase their inheritance taxes and thereby relieve the general property owner from the onerous taxes which he is now compelled to bear. That he is now compelled to bear them everyone now admits. The testimony is unanimous that the average farmer in the United States to-day, taking his combined taxes, pays about 30 per cent of his net income in taxes of one sort or another. The majority say, "Repeal the Federal estate tax and we will increase the State inheritance taxes so as to relieve the farmers of some of the burdens of the general property tax." But the propaganda behind this movement—and I am not referring to anyone in the Senate—the inspiration of all the tax clubs which came before the Ways and Means Committee of the House, was not aimed at finding a means of raising State inheritance taxes, but it was for the purpose, first, of repealing the Federal estate tax, and then going further to repeal State inheritance taxes. There can be no question about that.

Many governors of States came to Washington and appeared before the House Ways and Means Committee, urging the repeal of the Federal estate tax. Many representatives of tax clubs appeared before that committee, and nearly all of them recited about the same words, that they were in favor of the repeal of the Federal estate tax. But I want to give them due credit and say that when cross-examined by members of the Ways and Means Committee nearly every one of these gentlemen in the last analysis admitted he was not really in favor of the thing they came down to Washington to urge.

I have gone over the hearings before the House Committee on Ways and Means with some care, and I want to quote from just three or four of the governors of States and others who appeared before that committee in the first instance advocating just what is advocated here, the total repeal of the Federal estate tax.

Governor Walker, of Georgia, said:

> My State has practically abolished the inheritance tax. I want to say I think it was following the lead, the artificial lead, and the spirit, which I do not approve, of the State of Florida.

Yet there are Senators upon this floor who say that the action of Florida and Alabama would have no effect whatever upon their States. Here is the governor of one of the Southern States who practically says that the attitude of his State was governed by the attitude of the State of Florida.

The speaker of the Texas House of Representatives stated before the House Committee on Ways and Means that if the Federal tax were repealed he was satisfied that the State of Texas would not increase their State rates.

Mr. WADSWORTH. Does the Senator know the Texas State rate?

Mr. LENROOT. No; but I can give the Senator the amount they collected. They collected $114,000 in 1923 in the great State of Texas. Yet they come here and say, "Repeal the Federal estate tax so that we can relieve general property owners of our State." But the speaker of the House of Representatives of Texas says to the committee that if we do repeal it they will not increase their State rates. Therefore it follows that they will not relieve the farmer and the general taxpayer of Texas at all.

As for Iowa, Henry L. Adams, representing the tax clubs, said:

> I do not believe the State organizations would favor increasing the present estate tax in Iowa.

He was candid, he was frank. I have no question but that the State tax clubs would oppose increasing any State rate, because what they are after is to secure the repeal of both Federal and State interitance tax laws.

Mr. Clem F. Kimball, of the same State, appeared, and testified as follows:

Mr. CAREW. Would there be a tendency, if the Government got out of the field of inheritance tax, for your State government to increase the inheritance tax?

Mr. KIMBALL. No; I think not.

Mr. CAREW. And relieve the property tax?

Mr. KIMBALL. I think there would not be any tendency to increase the inheritance tax at the present time.

That was the statement of a representative of the State of Iowa. Does anyone say that the farmers of the State of Iowa are going to be benefited by the repeal of the Federal estate tax?

The Governor of Virginia appeared before the Ways and Means Committee of the House, in common with other gentlemen, at first blush joining with them in advocacy of the repeal of the Federal tax, but when he fully understood what the proposition involved was, Governor Trinkle, of Virginia, changed his mind. I want to quote from his testimony:

The CHAIRMAN. I think that if the Federal inheritance tax were absolutely repealed many wealthy citizens of your State—and there are many of them—would take up a nominal residence in Florida, and you would not only lose the inheritance tax but the income tax. You could not enforce either one against them. If you made the tax any more you would have a general exodus of them.

Governor TRINKLE. Yes.

Mr. GARNER. There is no other power that could reach Florida in this situation except that of the Federal Government.

Governor TRINKLE. None that I know of; no, sir.

Mr. RAINEY. And it is doubtful whether the Federal Government——

Governor TRINKLE (interposing). I do not think it is at all doubtful. If you should turn it over and leave it to the States, to be manipulated as they pleased, or to be levied in such form as they pleased, it would have that bad effect.

That is the statement of Governor Trinkle, of the great State of Virginia.

Then, there was the Governor of Tennessee. I do not notice either of the Senators from Tennessee upon the floor, and I am sorry. Governor Peay testified:

I will say to this committee that I do not think we will increase inheritance tax in Tennessee at all if the Federal Government should abandon its inheritance tax.

These are the views of some of the men who came to Washington last fall to appear before the Committee on Ways and Means to advocate the repeal of the Federal tax. When they got here and learned what the true situation was, there was scarcely one of them who did not modify his position, as can be seen by anyone who will go through the hearings.

Just as sure as night follows day, if we repeal the Federal tax and it is attempted in North Carolina to increase the estate tax, it will fail, because Alabama and Florida have no inheritance tax. The result will be, if we repeal the Federal estate tax now, that one by one the States will repeal their State inheritance taxes, and this great amount of unearned wealth will go scot free from any sort of an estate or inheritance taxation.

Mr. WADSWORTH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from New York?

Mr. LENROOT. I yield.

Mr. WADSWORTH. Do I understand the Senator to prophesy seriously that every State in the Union will eventually repeal its inheritance tax law?

Mr. LENROOT. I think it is very likely to happen even in the great State of New York. I remember what happened in the Senator's State some 15 or 20 years ago.

Mr. WADSWORTH. Why go so far back?

Mr. LENROOT. I know it drove some very wealthy New Yorkers to another State.

Mr. WADSWORTH. Has the Senator noticed any disposition on the part of New York Legislatures at any time to repeal that tax?

Mr. LENROOT. No; because we have a Federal tax.

Mr. WADSWORTH. But before we had a Federal tax?

Mr. LENROOT. I do not know. This system of Federal taxation, as the Senator knows even better than I, has only really begun to tap estates in the last 10 years.

Mr. WADSWORTH. That is a very sound suggestion the Senator just made. I like that word "tap."

Mr. LENROOT. It is a perfectly good English word.

Mr. WADSWORTH. Let me state to the Senator that there is not the slightest chance on earth that New York will give up her inheritance tax.

Mr. LENROOT. I am glad to hear it.

Mr. WADSWORTH. I think I can say the same for many other States. In fact, we had inheritance taxes before the Federal Government started to do this tapping, and all it has done is to cramp our style.

Mr. LENROOT. But you have increased your taxes. Did you not increase your taxes so as to get the full 25 per cent credit?

Mr. WADSWORTH. Has the Senator noticed the way in which that was done?

Mr. LENROOT. Was it not done?

Mr. WADSWORTH. It was done and it was not done. The taxpayer pays no more. The Federal Government did not get the benefit of what the State did.

Mr. LENROOT. But the State of New York got a little more by reason of the 25 per cent credit, did it not?

Mr. WADSWORTH. No; it did not. The State rate remained the same. It was very skillfully devised by the transfer of accounts on the State tax list in that respect, which I think the Federal Government has met with a half-way proposal, and the taxpayer in New York pays no more and no less and the State gets the revenue.

Mr. LENROOT. Should the 80 per cent credit prevail does the Senator think New York would increase her rates?

Mr. WADSWORTH. No; I do not think she would. She is taxing enough now.

Mr. LENROOT. Then the Federal Government would get more revenue than some gentlemen have been estimating.

Mr. SIMMONS. Mr. President, New York is now collecting probably more as inheritance taxes than the Federal Government collects in estate taxes.

Mr. LENROOT. New York collects an estate tax of some $17,000,000, and the Federal Government collected $10,000,000.

Mr. SIMMONS. The Senator is mistaken about that. The State of New York collected $17,000,000.

Mr. WADSWORTH. The State of New York is not going to give up that revenue by any means. Her rates are low, but the number of taxpayers is high. The State gets a substantial revenue. It adopted the policy of inheritance taxes years and years ago, and has not the slightest intention of abolishing them.

Mr. LENROOT. Of course, if the State of New York does not see fit to increase its inheritance tax and get the full amount of credit, the Federal Government will get that much more.

Mr. BRUCE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Maryland?

Mr. LENROOT. I yield.

Mr. BRUCE. I desire to state to the Senator from Wisconsin, in connection with what was said by the Senator from New York, that to my own personal knowledge we have had a collateral inheritance tax in Maryland for 45 years. I looked the matter up this afternoon. If I am not mistaken that tax has been in existence 75 years, or even a hundred years. I want to ask the Senator from Wisconsin a question. I gathered from the views that were expressed by the Senator in the Sixty-seventh Congress that at that time he did not believe an estate tax was based on any correct principle whatever.

Mr. LENROOT. I do not know what the Senator is reading from.

Mr. BRUCE. It is the Congressional Digest. There is a summary here of the views then expressed by the Senator.

Mr. LENROOT. I am sure I never said any such thing as that.

Mr. BRUCE. I verified it by reference to the CONGRESSIONAL RECORD.

Mr. LENROOT. I said the Federal tax I thought was not based upon a correct principle. I favor the inheritance tax rather than the estate tax.

Mr. BRUCE. This digest says that—

Senator LENROOT spoke against the section, saying that the plan of an estate tax is not based upon any correct principle.

Mr. LENROOT. Yes; I have always been in favor of an inheritance tax and the rate being based upon the distributive shares.

Mr. BRUCE. That was the view of other Senators.

Mr. SIMMONS. Mr. President, will the Senator yield to me?

Mr. LENROOT. Certainly.

Mr. SIMMONS. I do not desire to interrupt the Senator from Wisconsin.

Mr. LENROOT. I am glad to be interrupted.

Mr. SIMMONS. And I should not have done it if somebody else had not done so in the first instance. But there was a part of the reasoning of the Senator a few moments ago that

I could not possibly follow. His argument was that if the Federal Government took its hand off of this source of taxation the States also would abandon it. At the present time the Federal Government is collecting out of the States $110,000,000 a year, or that is what it is estimated it will collect next year. Notwithstanding the fact that the Federal Government is collecting that large amount out of the citizenship of the country every year, the several States of the Union in 1925 imposed State inheritance taxes from which they realized $79,000,000, or within $30,000,000 of as much as the Federal Government was collecting. Now, does the Senator think that the States which would levy $80,000,000 while the Federal Government was levying $110,000,000 would abandon that field if the Federal Government should cease to tax inheritances at all?

Mr. LENROOT. They are very likely to do so.

Mr. SIMMONS. Why should they not abandon it when the Government is imposing this heavy burden? Why should they wait until the Government removes that burden and then abandon that field?

Mr. LENROOT. But I just read where the Governor of Georgia said they had done that very thing this last winter.

Mr. SIMMONS. But Georgia does not constitute the 48 States.

Mr. LENROOT. I will give the Senator the reason.

Mr. GEORGE. Will the Senator permit me to interrupt him?

Mr. LENROOT. Certainly.

Mr. GEORGE. The governor was not entirely accurate in his statement. The State had a very small estate or inheritance tax. The rates were very low. After the passage of the 1924 act which allowed the 25 per cent credit to the taxpayers within the States, the State then passed an inheritance or estate tax law which hinged itself on the Federal act and provided that the State should levy and collect 25 per cent of the tax levied by the Federal Government.

Mr. LENROOT. So if the Federal tax is repealed there will be no State inheritance tax in Georgia?

Mr. GEORGE. That is so far as estates up to $50,000, which are exempt under the Federal law.

Mr. LENROOT. I want to give to the Senator from North Carolina the reason that will actuate many of the States. We have had some experience in my own State of Wisconsin with reference to very wealthy men moving to other States, partly by reason of the inheritance tax and partly due to other tax conditions. But it is not only the inheritance tax that is involved. A man with a very large fortune engaged in a very large business, if he is resident in the State, pays an income tax from year to year in that State. If there be inducements for him to remove his residence to another State, it is not the inheritance tax alone that is lost, but the income tax from that man from year to year, so that it might well be that a State, for the purpose of getting that man's income tax from year to year, would be willing to repeal its inheritance tax law.

Again, with reference to what the States might do, I recognize the very powerful influence of groups of individuals upon legislative bodies, legitimately exercised, of course. To illustrate, I find in this very body a most complete reversal with regard to this very question in the last five years, due no doubt to the various tax clubs and organizations of various kinds. If they could so influence the Members of the Senate, is it too much to say they might likewise influence the members of State legislatures after they have accomplished their purpose here?

In this connection I want to read the action of this body five years ago upon this very subject. Last year there was no roll call upon the estate-tax provision. I was ill at the time and was not here, but I looked up the RECORD. But five years ago, in 1921, an amendment was offered increasing the estate tax to a maximum of 50 per cent, or double the rate that then existed under the law. The war was over then as much as it is to-day. But how did this body vote then upon that proposition to increase the estate tax to a maximum of 50 per cent upon estates in excess of $100,000,000, 30 per cent upon the net estate exceeding $50,000,000, and graduated between?

Voting for that amendment, of the present Members of the Senate, I find the following: Messrs. ASHURST, BORAH, BROUSSARD, CAPPER, CARAWAY, CUMMINS, CURTIS, EDGE, HARRELD, HARRIS, HARRISON, HEFLIN, JONES of New Mexico, KENDRICK, LENROOT, MCKELLAR, MCNARY, ODDIE, OVERMAN, REED of Missouri, SHEPPARD, SWANSON, and WILLIS, voting then for a 50 per cent maximum.

Ah, but it will be said, "We needed the money then and we do not need it now. We were still in the aftermath of the war then," it will be said, "but we are not so now." What difference was there, so far as the principle is involved, between the situation as to the war in 1921 and the situation to-day? There was just this difference in the situation: Then we owed $25,000,000,000 of indebtedness incurred to carry on the war, and now we only owe $20,000,000,000 of indebtedness. Is there any difference?

Mr. WADSWORTH. Surely there must be some other differences. The appropriations have decreased tremendously since 1921 other than the appropriations for the payment of war indebtedness.

Mr. LENROOT. I am speaking of the situation so far as the war was concerned.

Mr. WADSWORTH. I thought the Senator said there was no difference between conditions in 1921 and conditions to-day.

Mr. LENROOT. Oh, no. That referred to all departments of the Government. But so far as the war situation was concerned, in 1921 we owed $25,000,000,000 growing out of the war, while to-day we owe $20,000,000,000, most of it growing out of the war. Mr. President, who is there that can say that the emergency has ceased? Who is there that would say that we should make the buyer of a Ford automobile help to pay this $20,000,000,000 of indebtedness; that we should make the man with an earned income of $5,000 a year help to pay this $20,000,000,000 of indebtedness; but we must not ask an estate of $10,000,000 to pay one single penny of that $20,000,000,000 of war indebtedness on the transfer of that estate? That is just what is involved in this question.

Mr. President, I know it will be said by some that those of us who favor this proposition have some prejudice or animosity against great fortunes, and we can not help their saying that; but to my mind the proposal which we advocate is based upon just one principle, one which I think should govern the levy of all taxes; it is based upon ability to pay. I have yet to hear the man who will say that an estate having an exemption of $50,000—a gross estate, we will say, of $100,000—should not pay the modest sum of $500 on the transfer of that estate. That is all of the tax which is imposed in this proposed law.

On whom is it a hardship? Who has earned the money? The Senator from Connecticut [Mr. MCLEAN] this morning sought to challenge the statement of the Senator from Nebraska [Mr. NORRIS] that all recognized economists of reputation were in favor of the Federal estate tax, and he read from Professor Seligman in a book written a few years ago—in 1914, I believe—and yet Professor Seligman appeared before the Committee on Ways and Means on this very bill and strenuously opposed and now opposes the repeal of the estate tax. I read from page 480 of the hearings. Professor Seligman said:

> My argument is that from the point of view of what is needed it would be hazardous entirely to abandon the estate tax because, although we do not get much out of it—only $110,000,000—we might get a great deal more, as other countries do. Moreover, in proportion as you get something out of our Federal inheritance tax you can reduce the income tax and the other taxes. You have to take the system as a whole. It is always a bad thing to keep all your eggs in one basket. That is as true of the Federal Government as of private industries.

Then there is another noted economist——

Mr. MCLEAN. Mr. President, will the Senator from Wisconsin permit an interruption there?

Mr. LENROOT. Certainly.

Mr. MCLEAN. I was appealing from Professor Seligman before the Ways and Means Committee to Professor Seligman in his study.

Mr. LENROOT. Yes; and I appeal from Professor Seligman in his youthful days, when he had made a very incomplete study of this subject, to his attitude to-day, when, since the time when the Senator from Connecticut quoted him, he has given 12 more years to the study of this important subject.

Mr. MCLEAN. Professor Seligman was mature in 1914, and I think his judgment then was superior to his judgment in 1926.

Mr. LENROOT. The Senator from Connecticut and I wholly disagree upon that, of course.

Mr. MCLEAN. Yes; we disagree.

Mr. NORRIS. But if the Senator from Wisconsin will permit an interruption, certainly the Senator from Connecticut can not draw that conclusion without casting reflection on his own judgment, if he is going to say that Professor Seligman now is not entitled to credit.

Mr. MCLEAN. My opinion in 1914 was precisely what it is now. When I once get right I do not change.

Mr. NORRIS. The Senator ought in 14 years to be able to keep pace with Professor Seligman and learn something.

Mr. MCLEAN. I do not keep pace with men who are inconsistent and who go wrong.

Mr. NORRIS. The Senator from Connecticut is consistently inconsistent. [Laughter.]

Mr. LENROOT. Mr. President, there is another noted economist who is very well known to Members of this body, who for many years was the adviser and expert of the Finance Committee of the Senate. I refer to Professor Adams, who is now a professor of economics at Harvard University. I think, without any question, unless it be Professor Seligman, that Doctor Adams is the most noted authority upon taxes in the United States. I should like to quote what Doctor Adams said before the Ways and Means Committee with reference to this question. He was asked this question by Mr. OLDFIELD:

Doctor, I would like to ask you a question: We have had a great deal of evidence here on both sides of the question of continuing the inheritance tax, and I would like to have your views on that. I believe you are a member of the Delano committee.

Senators will remember that the Delano committee, representing the National Inheritance Association, made a report which was filed with the committee wherein it did not advocate the repeal of the estate tax at present, but did advocate its repeal to take effect six years hence. Doctor Adams said in answer to the question asked by the member of the committee:

No, sir; I am not.

That is, he was not a member of the Delano committee—

There you ask me an embarrassing question, because most of my friends and most of the men I like and trust have indorsed that Delano report. I indorse it, I think, with the exception of one provision, and that is that you should repeal the tax now to take effect six years later. I should like to see the substance of the Delano report adopted without a provision for repeal, and then wait and see what happens. So far as I know it, the position of Judge HULL—

One of the members of the committee of the House—

on this subject is precisely my own position. I think that we ought to get from death dues in this country more than we get at present. I think that we should raise from this source enough revenue to measurably relieve the farmers and the general taxpayers.

Here, to my mind, is the hub to this question: The average State inheritance tax imposes upon direct heirs or upon direct shares of the larger size a maximum rate which, in the average State, is considerably less than 5 per cent. In short, the average State government imposes upon the shares of larger size going to direct heirs a tax of less than 5 per cent. In my opinion that is not enough.

Then Doctor Adams goes on and advocates the retention of the Federal tax and giving the States credit for the State taxes paid.

Mr. President, I have occupied a longer time than I intended. I am in favor of the House provision. I recognize the inequality of the present system, whereby we may have a Federal tax and two or three State inheritance taxes which, combined, may impose an unjust burden upon an estate; but with the House provision giving a credit of 80 per cent of the amount of the Federal tax, we have reduced almost wholly that inequality, and incidentally—not as a primary purpose but incidentally—we have removed the incentive of one State to repeal in toto its inheritance taxes for the purpose of attracting wealthy residents from other States to give up their residence and move to such State as does not impose such taxes. All that I want, all that I ask, is that estates pay a fair tax somewhere. If the States do not care to exercise their power, then I want the Federal Government to get the revenue. We can use it.

Does any Senator say that we can not beneficially make a further reduction of $20,000,000 in the taxes imposed by the pending bill? No Senator will say that; and we will get much more than $20,000,000 a year out of this tax that could be used to reduce other taxes, because, if Senators are correct, many of the States will not take advantage of the provision allowing them the full 80 per cent credit, and in so far as they do not do so the Federal Government will get the increased revenue. The House provision I undertake to say, Mr. President, is fair; it is just; it ought to be adopted, and the Senate committee amendment ought to be rejected.

Mr. SIMMONS. Mr. President, I really had not expected to have anything more to say than I have said during the day in colloquies which I have had with Senators in their time, but the very remarkable argument which has fallen from the lips of the Senator from Wisconsin [Mr. LENROOT] rather tempts me to make some further observations upon this subject.

I want to go back a bit. It is questioned whether the Federal Government should resort to this form of taxation as a permanent system or only to meet emergency situations. It is even questioned whether, when the Government has heretofore resorted to it, it did so to meet an emergency or not. The Senator from Florida traced the history of this species of taxation very thoroughly and presented that phase of the subject fully. I do not want to review that, but the Senator from Wisconsin claims that when we resorted to this method of taxation in 1916 we resorted to it, not because there was an emergency, but because we wanted to engraft it on our system of taxation as a permanent policy. I stated in reporting the tax bill of 1917 as chairman of the Committee on Finance that inheritance taxation was a revenue source that ought to be left to the States and commented on the inheritance tax as being an emergency expedient.

It is true that in 1916 this country was not at war; it may be that there was no direct threat against this country on the part of any of the belligerents then in the World War, but it is also true, as I pointed out this morning, that in 1916, owing to the conditions of the struggle then going on in Europe, this country felt that it might at any time become involved.

We had been furnishing munitions of war to the Allies. Germany deeply resented that action on our part. The Imperial German Government practically demanded that this Government should cease to permit that and assumed a threatening attitude toward us. From one end of America to the other there grew up a feeling, entirely justified by the conditions, that the dictates of ordinary discretion, prudence, and foresight required that this Government should put itself in a condition of preparedness.

There was no dissent from that proposition so far as I know. It is true, as the Senator from Wisconsin says, that President Wilson was doing all that he could to keep us out of the war. He did keep us out as long as he could; but President Wilson, as well as the great mass of the American people, felt that we should adopt measures to put ourselves in condition to fight if it became necessary to fight. They felt that it was necessary that we should put ourselves in that condition in order to avoid having to fight. It was the fundamental theory of the great Roosevelt, when he began his campaign against unpreparedness, that the way to preserve peace in the world, the way to protect ourselves against aggression on the part of other nations, was always to be ready and prepared to defend ourselves.

If that is true—and I think it is true—even in ordinary conditions, I think until we have disarmed and abandoned the old practices that have so often led to war ordinary wisdom requires that a country should always be in readiness to defend itself; but in the conditions that confronted us then there could be no question about the wisdom of that course. It was recognized in 1916. I was then chairman of the Committee on Finance. It was recognized that if we did do this thing which prudence required and suggested that we should do it would be necessary to incur enormous expenditures, and that it was necessary, therefore, to resort to war taxes, as the Senator from Maryland [Mr. BRUCE] has said, for the purpose of raising the necessary revenue; and that is the reason why in that particular act this additional tax, this inheritance tax which was imposed, was specifically designated as a war tax.

Were we justified in imposing the tax? Did the actual conditions of expenditure show that it was necessary? At that time, in 1916, we were expending hardly a billion dollars annually to meet our ordinary expenditures. I believe the amount was just a little over a billion dollars. In the next year, however, the year for which the levy was made, 1917—it was proposed in 1916, but to meet the expenditures of the fiscal year 1917—in the year 1917, as the result of the condition of affairs to which I have referred, the expenditures of this Government increased from a little over a billion dollars to nearly two and a half billion dollars. The Senator is wrong when he said we did not resort to this tax then, as in every other time when we have ever imposed it, because of an emergency—a very pressing emergency it was, too.

Theretofore, when we had imposed this tax upon the people, as soon as the pressure was removed we had always repealed it. In the eighteenth century we did it once, and we did it three or four times in the nineteenth century, and we did not wait long to do it after the wars closed. These facts establish the proposition that it is the policy of this Government to levy an inheritance tax only in cases of great emergency, and the emergencies in which we have levied it have been connected with war.

The Senator says that we ought not to repeal this tax because he says we need it to supplement the revenues of the Government. Why, Mr. President, we had a surplus last year of $330,000,000. We have a surplus this year of three hundred and thirty-odd millions of dollars, and next year I imagine we will have another surplus of two or three hundred million dollars. Why did the House shape the bill as they did, if the House thought we needed this source of revenue? Does not the bill prepared by the House, and which the Senator himself is cham-

pioning on this floor with such vigor and vehemence, upon its very face contain a confession that it was the opinion of the Ways and Means Committee that the Government did not need revenue from this source?

Mr. President, the bill proposes to give the States 80 per cent of this tax. That is a confession that the Government does not need that part of the tax; is it not? It retains only 20 per cent of the amount, if the States see fit to take advantage of it—20 per cent. The maximum rate is 20 per cent. The part which the Government retains is 4 per cent. The actuaries of the Treasury will tell you that it costs the Government about 2 per cent to collect that tax. That cuts it down to 2 per cent. Two per cent of the amount involved is $10,000,000; so that if this bill works as it is predicted it will work, and as it is intended it shall work, all the revenue that the Government proposes to get out of it is $10,000,000.

The Senator asks, "Why not repeal these other taxes, the taxes on automobiles and trucks?" I am in favor of doing that, Mr. President. I think we can repeal the entire tax upon automobiles and trucks, and practically every one of the excise taxes and still have enough money to run the Government without resorting to inheritance taxes; and, Mr. President, we can go farther than that. We could have rejected, as we should have done, the increases proposed by the majority members of the committee and adopted by the Senate against the protest of this side of the Chamber. We could have rejected that increase of 1 per cent upon corporations and still have had money enough to run the Government without resorting to this tax, without this pitiable little $10,000,000 of tax that the Government will get from inheritances. The minority voted for all those reductions, and the minority is ready to vote for all of them again, and is not afraid of doing it, either.

The Senator from Wisconsin says that although the Government will get only $10,000,000 out of this levy for the purpose of coercing the States of this Union to levy an inheritance tax as high as 80 per cent of the rate as the Federal Government levies we ought to agree to this provision of the bill. What right has this Government, under the Constitution, under the decisions of the Supreme Court, under the general policies that obtain here, to levy any tax upon the people of the United States except to raise revenue to defray the expenses of the Federal Government? What provision of law authorizes the United States Government to levy a tax for the benefit of the States? Where does the Federal Government get its authority, not only to levy taxes which the people of the States shall pay into their own treasuries, but also to go into the States with an army of Government officials and collect the taxes? What provision of law makes the Federal Government a tax collector for the States of this Union?

Have we come to the point where we have no respect for the rights of the States? Have we come to the point where the Federal Government shall assume to decide what inheritance taxes the States shall impose? When did the great State which I in part represent abrogate its rights to determine what taxes it should impose upon its citizenship for its own expenses and purposes?

It is said the Federal Government is justified in doing this, because one State of this Union having exceptional advantages in certain directions, advantages which no other State in the Union possesses, had a little boom just after it repealed its inheritance tax. It is said that this fact constitutes a reason why the Federal Government should tread under foot the rights of the States and assume the office of going into the States and determining not only their taxes but also undertaking to collect their taxes. That is the excuse given for it, the only excuse and the only warrant for it. I say it is a high-handed procedure.

Suppose you succeed in perpetrating this outrage upon the sovereignty of the great States of the Union? Are you going to stop? They might survive this blow. But is it the last blow you are to deliver? Suppose you determine that you will apply the same principle to the income taxes. Many of the States are now operating mainly upon inheritance and income taxes. Suppose you decide to apply that principle to the income taxes and pass a law here giving the States a part of your heavy levy. You increase your levy on income taxes, increase it to such a point as to give the States half of it, or two-thirds of it, or three-fourths of it, or four-fifths of it, the proportion provided in this bill. You say to the States, "Now, you raise your income taxes up to that point. It is a good thing to have uniformity of income taxes in this country," just as it is said now it is a good thing to have uniformity in inheritance taxes. Some States, like Florida, do not levy them at all. Some States, like Georgia, levy a very trifling tax. Some States, like Virginia, levy inconsequential taxes. New York levies $17,000,000 of taxes on inheritances; the great State of Pennsylvania, I think, something over twenty million in inheritance taxes. Things are unequal. It is said, "The public welfare requires that this thing should be made uniform, and therefore we will resort to this same scheme with reference to income taxes." And it is applied.

They do not stop there. We have recently developed a magnificent system of interstate highways, stretching from Maine to Florida, from San Francisco to Washington City. These have become the main arteries of highway travel. They are filled with automobiles going to and fro all during the year, and at certain seasons of the year there is great congestion. As the automobiles pass from one State to another the owners have to pay a different rate of gasoline tax. Some States have a high tax, some have a low tax, some have no tax at all. Gasoline is a subject that the Federal Government might constitutionally resort to for income. Let us assume it levies, therefore, a high tax upon gasoline and provides that the State shall have a half of that or two-thirds of it, with a view of forcing all the States of the Union to equalize to uniformity their levies upon gasoline.

So you might go on down the line. What will be the result? The result will be that every State in this Union will be seething with Federal officials levying and collecting taxes from the citizens of the States for State benefit. The result will be that the power and the right of the States to impose taxes according to their judgment and according to the conditions which exist in their respective jurisdictions will be wiped out, and the will of the Federal Government with reference to State-imposed taxes shall be substituted for the will of the States.

Is there a more insidious way of attacking State sovereignty and State political autonomy than that? Is there a more insidious way that the mind and ingenuity of man can invent of centralizing all power in the Federal Government here at Washington?

No, Mr. President; I might conceivably vote for a reasonable inheritance tax, but I will never vote for an inheritance tax four-fifths of which is to go to the States. We had such a provision going to 25 per cent in the other act. I want to say that it got in that act without my knowledge. I did not discover it until too late. It was a wrong principle. It ought to have been attacked and fought before. But it can be seen how these invasions grow and expand. From 25 per cent it has gone up to 80 per cent under the present proposal.

The Senator from Wisconsin in the whole of his long-drawn-out discourse made only this argument: "If you do not do this, there will be more Floridas in this country. The States will just fall pell-mell over each other repealing their inheritance taxes in order to induce capital to come to them instead of going elsewhere."

Mr. President, this talk about the elimination of inheritance taxes in Florida, and the abolishing of the income taxes in Florida, being responsible for the great movement that has taken place in that splendid State during the last 18 months or 2 years, is all fiction. A few people may have gone there in part for that reason, but the Florida movement is a movement that started away back in the days of Flagler. He started it. God had laid the foundation. Flagler's work has been supplemented by the construction of good roads from one end of the country to the other, focusing in Florida. Flagler, good roads, and natural advantages have made Florida. Flagler and good roads give full value and full credit to the magnificent winter climate of that fine old State. It was that, and not because of the repeal of moderate income taxes and inheriance taxes. Florida was not imposing any, anyhow, prior thereto.

That it was not the repealing of the tax laws is shown by the illustration which I gave this morning. In the mountains of North Carolina there is a combination of climate and of natural beauty that for years has attracted people from all sections of the United States. There is now, and has been for years, a heavy flow of people to that section from every quarter of the United States. But when we finished our system of splendid highways in North Carolina, connecting that section of the country with all the surrounding States by magnificent, hard-surfaced, concrete roads, the movement gained impetus, and this year it has assumed the proportions of a boom, which, in the rise and pyramiding and repyramiding of the values of property in that section, compares very favorably with what has happened in Florida. Indeed, I have heard it said that the development of this kind around the town of Hendersonville has even out-Floridaed Florida. Anyhow, it is something that is very remarkable, and it is spreading all over that section of the country.

Why is that happening? Florida capitalized her climate and made access to the State easy and pleasant. The people of North Carolina have capitalized the summer climate of the mountains of western North Carolina and made access to them easy and attractive. The same thing that has happened in Florida has happened in parts of North Carolina, notwithstanding the fact, as I pointed out this morning and emphasize now, that in North Carolina we have not only a high income tax, but we have a high inheritance tax, and we raise all the money that is necessary to support and pay the expenses of that great State only and solely through income, inheritance, and license taxes.

The people who added impetus to that development in my State last year are people who came principally from Florida. The mountains were literally filled with people from Florida. The rich people who went down there for the winter climate came up to my State for the summer climate.

There is nothing in the Senator's contention. The Senator says we will abandon this tax if the Federal Government takes its hands off. I submit it is reasonable for me to answer that by saying if there ever was a time that would naturally appeal to the people of the several States to abandon their inheritance taxes it was the time when the Federal Government was piling up mountain high these very taxes. That is the time when the people of the States would have refrained. That is the time, if ever, when they would have repealed these taxes where any were imposed by them. But, contemporaneously with this enormous levy by the Federal Government, the States have gone on from year to year increasing their inheritance taxes, and I want to give an illustration of how they have gone forward during the period from 1916, when the Federal inheritance tax was adopted.

At that time the States were only collecting in the aggregate $29,000,000 from inheritance taxes. In 1917 they collected $38,916,000; in 1918, $37,078,000; in 1919, $45,770,000; in 1922, $66,128,000; in 1923, $74,895,000; in 1924, $79,308,000. These taxes were levied by a graduated upward scale during the period of time when the Federal Government had a heavy hand on the States. To-day the Federal Government is collecting through its inheritance taxes $110,000,000 and the States, which the Senator from Wisconsin thinks will not respond by increasing their taxes or even by allowing them to stay on the statute books if the Federal law is repealed, are collecting practically $80,000,000, or within $30,000,000 of as much as the Federal Government is imposing. Is it not remarkable that a man with the acute understanding of the Senator from Wisconsin should make the argument in this extremity that if the Federal Government takes off this burden the States will at once wipe out their inheritance taxes, because, forsooth, Florida has had a boom?

Suppose the State of the Senator from Wisconsin had undertaken to draw tourists from all parts of the country and get up a resort boom in that State, with the climatic conditions they have in that State, does anyone think a repeal of the inheritance tax in that State would have counted a farthing in promoting the movement? Certainly not.

The Senator thinks the States are in no humor to impose an adequate inheritance tax. Let us see. The State of the Senator from Wisconsin paid the Federal Government in 1924 $1,764,000, and in 1925 paid $1,125,000. In 1924 Wisconsin paid the Federal Government $1,764,000, but notwithstanding that, the people of the State which the Senator in part represents imposed an inheritance tax that yielded $2,894,000 to the State, twice the amount of the Federal tax; and yet the Senator is the man who stands here and says that the other States of the Union will wipe out their inheritance taxes if the Federal inheritance tax is repealed in order to put themselves upon a parity with Florida.

No, Mr. President, there is nothing in that argument. A few States may get frightened because they see a great influx of people to Florida and think it is due to the repeal of the State constitutional provision against inheritance and income taxes, but it will only be a day's dream. The idea is already being exploded. The idea will soon be totally exploded and abandoned. Does the Senator mean to tell the Senate that the 34 governors who came here to appear before the Ways and Means Committee in behalf of the repeal of this tax, fully aware, as they were, that their States had imposed heavy inheritance taxes during the war when the Federal Government was also heavily taxing, that they came here for the purpose of getting this tax removed so they might escape the State inheritance tax in their States and put themselves upon a footing with Florida? Does he mean to say that to an intelligent Senate and expect such a statement to be credited?

It is true that he read some extracts from one or two governors here whose States did impose such a small inheritance tax that it is manifest that the disposition to tax inheritances as a source of revenue has not taken hold in those States as it has in other States.

What does this table show with reference to the $80,000,000 inheritance taxes paid in the several States? Forty-eight States, $80,000,000, an average of nearly $2,000,000 to the State. If they impose that heavy tax while the heavy Federal tax existed, can there be any question about their increasing those taxes after the repeal of the Federal tax? There was a time when the States resorted but to a small extent to this tax. In one year, far back about the beginning of this century, they were collecting only a few millions of dollars in all of the States from this source of taxation. That was because the expenses of the administration of the affairs of the States at that time were a mere bagatelle compared to what they are to-day. We were in pre-war times. We did not require much revenue. From time immemorial the States had been getting their income from property taxes, and they continued for a while, but suddenly they wakened to this means as a proper source. When the war came that spirit was quickened and they went on increasing the taxes as the necessity increased. Now, the Federal Government is about to abandon this system of taxation. In effect, the Federal Government comes in and says in practical effect, "We will surrender all of this tax except $10,000,000 to the States." The Federal Government says, "We no longer need it. The emergency which called it forth has passed. The war is over. We have ample revenue from less legally doubtful sources of Federal levy to conduct the Government. We are annually confronted with surpluses. We do not need those millions of inheritance taxes. The States need them, and we are ready practically to turn them over to the States, reserving to ourselves only enough to pay the legitimate expenses of collection."

The Federal Government is abandoning it because the emergency has passed away, but, as I said this morning, that emergency has gradually passed away, so far as the Federal Government is concerned, and an emergency equal in proportion and in effect has come upon the States of the Union, growing not out of things of their own volition, but growing out of a revolution that has come about in the United States due to change in conditions and due to great and beneficial inventions. We got along at one time, as I said this morning, with the old dirt road. The automobile came. A new invention, one of the greatest in its beneficial effect upon humanity and upon business and commerce that has ever been discovered by man, came along and revolutionized the situation from one end of the country to the other.

The States at once thought it was necessary for them to get out of the old ways and discard the mud roads and build these magnificent concrete roads that we now have, costing from $30,000 to $40,000 a mile. Then they have entered upon that program with a spirit worthy of the advanced position of the American people, and in a few years they have accomplished marvels. They are still in the work of girding this country from one end to the other with magnificent hard-surfaced roads in order to meet the demands of commerce and travel and transportation.

Mr. President, the States have had to build, the counties have had to build, the cities and towns have had to pave, and the burden of expense that has been thrown upon the property of the taxpayer, whether it be real or personal property, has been enormous and therefore the States have been casting about to find some means of supplementing their revenues in the interest of their heavily burdened taxpayers. If the $10,000,000 in taxes be collected or if we impose a flat tax that would raise $110,000,000 without any contribution to the State, it would give scarcely any benefit in the reduction of taxes. It would not benefit the 100,000,000 people who pay directly practically no taxes to the Federal Government under the internal revenue system. It will not benefit them. It will not help reduce their ad valorem burden of taxation.

But suppose we transfer this source of taxation to the States and make it possible for the States to increase their levies, to double them—I believe in less than five years we will find that the amount collected by the States will be double what it is now—who would get the benefit of that? It will go right straight down the line. It will reach and reduce the taxes on every acre of land, the tax on the humblest residence, the tax on the merchant who is struggling to make a living out of his business and support his wife and children, the tax upon the laboring man, upon the farmer, and upon all the 100,000,000 of people. Just to the extent that the States get their revenue out of the inheritance tax, just to that extent will the ad valorem tax upon the property of these 100,000,000 taxpayers be reduced.

Mr. NORRIS obtained the floor.

Mr. HEFLIN. Will the Senator yield?

Mr. NORRIS. I yield to the Senator from Alabama.

Mr. HEFLIN. I wondered if the unanimous-consent request could not be submitted now so that Senators may know just what is going to happen.

Mr. NORRIS. I have no objection.

Mr. SMOOT. Will the Senator yield to me?

Mr. NORRIS. I yield to the Senator from Utah.

Mr. SMOOT. I send to the desk a proposed unanimous-consent agreement.

The VICE PRESIDENT. The clerk will read it.

The Chief Clerk read as follows:

It is agreed, by unanimous consent, that on the calendar day of Wednesday, February 10, 1926, at 4 o'clock p. m., the Senate will proceed to vote, without further debate, upon Title III—Estate tax and all amendments thereto.

The VICE PRESIDENT. Is there objection?

Mr. BLEASE. I object.

The VICE PRESIDENT. The Senator from South Carolina objects.

Mr. WATSON. I trust the Senator from South Carolina will not object.

Mr. BLEASE. Yes, sir; I object. We had enough of that yesterday. I do not want to get caught any more. One time is enough for me.

Mr. WATSON. The situation is this, I will say to the Senator: The members of the committee who have the bill in charge on both sides, including the Senator from North Carolina [Mr. SIMMONS], the ranking Democratic member of the committee, and the other Democratic members of the committee, together with the Republican members of the committee, all have agreed that this vote shall be taken at 4 o'clock to-morrow.

The Senator from Nebraska [Mr. NORRIS] is a party to that agreement, as is the Senator from Michigan [Mr. COUZENS]. Everybody has agreed to it, and I trust that in the interest of progress and orderly procedure my friend from South Carolina will withdraw his objection; otherwise, I will say to the Senator, we will be compelled to go on here to-night and remain in session for several hours longer, when there is really no occasion for it, and when we can all get away and have a good night's rest and come back to-morrow refreshed.

Mr. KING. Mr. President, will the Senator yield?

Mr. WATSON. Yes.

Mr. NORRIS. I yield to the Senator from Utah.

Mr. WATSON. I beg the pardon of the Senator from Nebraska; I overlooked the fact for the moment that he has the floor.

Mr. KING. I was about to join in the appeal which was made by the Senator from Indiana.

Mr. JONES of Washington. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Washington?

Mr. NORRIS. I yield.

Mr. JONES of Washington. While this matter is being adjusted, I merely wish to ask unanimous consent that I may have inserted in the RECORD chapter 119 of the Session Laws of the State of Washington, 1923, which I think justifies me in voting for the committee amendment. It shows that our inheritance tax in that State goes up as high as 40 per cent. I ask that the chapter referred to may be inserted in the RECORD, and then I shall take no more time on the amendment.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

[Session Laws of Washington, 1923]

CHAPTER 119

INHERITANCE TAX

An act (S. B. 164) relating to taxation of inheritances and amending section 11202 of Remington's Compiled Statutes

Be it enacted by the Legislature of the State of Washington:

SECTION 1. That section 11202 of Remington's Compiled Statutes be amended to read as follows:

"SEC. 11202. The inheritance tax shall be imposed on all estates subject to the operation of this and other inheritance tax acts of the State of Washington at the following rates:

"If passing to or for the use of a father, mother, husband, wife, lineal descendant, adopted child, or lineal descendant of an adopted child the tax shall be 1 per cent of any value not exceeding $50,000; 2 per cent of any value in excess of $50,000 and not exceeding $100,000; 3 per cent of any value in excess of $100,000 and not exceeding $150,000; 4 per cent of any value in excess of $150,000 and not exceeding $200,000; 5 per cent of any value in excess of $200,000 and not exceeding $300,000; 7 per cent of any value in excess of $300,000 and not exceeding $500,000; 10 per cent of any value exceeding $500,000: *Provided, however*, That in the above cases $10,000 of the net value of any estate shall be exempt from such duty or tax.

"If passing to or for the use of a sister, brother, uncle, aunt, nephew, or niece the tax shall be 5 per cent of any value not exceeding $50,000; 6 per cent of any value in excess of $50,000 and not exceeding $100,000; 8 per cent of any value in excess of $100,000 and not exceeding $150,000; 10 per cent of any value in excess of $150,000 and not exceeding $200,000; 12 per cent of any value in excess of $200,000 and not exceeding $300,000; 15 per cent of any value in excess of $300,000 and not exceeding $500,000; 20 per cent of any value in excess of $500,000.

"If passing to or for the use of collateral heirs beyond the third degree of relationship or to strangers to the blood, the tax shall be 10 per cent of any value not exceeding $50,000; 12 per cent of any value in excess of $50,000 and not exceeding $100,000; 15 per cent of any value in excess of $100,000 and not exceeding $150,000; 20 per cent of any value in excess of $150,000 and not exceeding $200,000; 25 per cent of any value in excess of $200,000 and not exceeding $300,000; 30 per cent of any value in excess of $300,000 and not exceeding $500,000; 40 per cent of any value in excess of $500,000.

"Passed the senate February 13, 1923.

"Passed the house March 2, 1923.

"Approved by the governor March 15, 1923."

Mr. SMOOT. Mr. President——

Mr. NORRIS. I yield to the Senator from Utah.

Mr. SMOOT. Mr. President, I ask again that the unanimous-consent agreement which I proposed a few minutes ago be entered into. I hope there will be no objection to the request this time.

The VICE PRESIDENT. Is there objection?

Mr. SMOOT. I will say to the Senator from South Carolina [Mr. BLEASE] that I am renewing my request for unanimous consent. Does the Senator insist upon his objection to it?

Mr. BLEASE. I will agree to it, so far as I am concerned, with an understanding. I do not want to make a speech, and do not expect to do so, but I do not like the way some Senators were treated here yesterday. I believe in a fair deal for everybody, it does not make any difference who he is. If he be the blackest nigger in the world, give him a fair deal. I will withdraw my objection with the understanding that if the Senator from Nebraska [Mr. NORRIS] wants an hour to speak on this subject between 2 and 4 o'clock to-morrow he may be allowed to do so.

Mr. SMOOT. Certainly.

Mr. SIMMONS. We will agree to that.

Mr. NORRIS. Let me say to the Senator from South Carolina that at the time the proposition was submitted I had the floor, and I suppose should we take a recess now when we convene I would still have the floor.

Mr. SMOOT. That is the understanding.

Mr. NORRIS. I do not want, however, to have any misunderstanding. I do not think I shall speak for more than an hour, but I may. I do not want to keep any other Senator from speaking. I, myself, would not agree to this proposition if I thought that any Senator would be prevented from speaking who wants to speak. I should like to make rather an extended speech on this question.

Mr. HEFLIN. The Senator will have five hours, from 11 to 4 o'clock to-morrow.

Mr. NORRIS. I have made all the inquiry I can, and I do not think there will be any doubt whatever but that there will be time for everybody; I would not consent to the agreement under any other circumstances; but if the agreement is entered into now I will say to my friend from South Carolina that, from the parliamentary standpoint, I have the floor and will have the floor when we convene again.

Mr. KING. And the Senator can talk as long as he desires.

Mr. BLEASE. With that understanding, I do not object. As I have said, I do not want to make a speech on the question; I do not expect to do so; but for the five years I have left here I do not expect to submit to any unanimous-consent agreement that will subject any Senator on this floor to the treatment that the Senator from Michigan [Mr. COUZENS] received on yesterday.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the unanimous-consent agreement is entered into.

RECESS

Mr. SMOOT. I move that the Senate take a recess until 11 o'clock to-morrow.

The motion was agreed to; and (at 6 o'clock and 20 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, February 10, 1926, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

TUESDAY, *February 9, 1926*

The House met at 12 o'clock noon, and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Eternal God, always near and never far away, this day we would put our trust in Thee. Quicken every good impulse of our breasts that we may do good and see clearly the way of truth and wisdom. We ask most fervently that Thy blessed holy spirit, with all His fullness and power, may possess and direct us. In all the problems that may arise for solution may the highest and the best results be obtained. Amid the duties and exactions of each day may we see forward to the final victory of good over evil. Give high purpose to our conduct, and may we follow in the wake of Him who is our Lord and Redeemer. Amen.

The Journal of the proceedings of yesterday was read and approved.

NO QUORUM—CALL OF THE HOUSE

Mr. DOWELL. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The gentleman from Iowa makes the point of order that a quorum is not present.

Mr. BLANTON. Mr. Speaker, that will require two roll calls. I think we can get enough votes to have a roll call on that amendment.

Mr. DOWELL. I have full knowledge of the gentleman's statement. I made the point with full knowledge.

Mr. BLANTON. Very likely there will be enough Members to respond to the roll call.

Mr. TILSON. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The SPEAKER. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 30]

Beedy	Fredericks	Kvale	Reid, Ill.
Butler	Fuller	Lanham	Robsion, Ky.
Carter, Calif.	Funk	Lee, Ga.	Sabath
Celler	Gallivan	Lineberger	Strong, Pa.
Collins	Gilbert	Luce	Sullivan
Corning	Golder	McLaughlin, Nebr.	Summers, Wash.
Cox	Graham	Madden	Sumners, Tex.
Cramton	Hawes	Mead	Swoope
Curry	Hayden	Michaelson	Taber
Davey	Hudson	Mooney	Tincher
Dempsey	Hull, Tenn.	Nelson, Me.	Treadway
Dominick	Kendall	Nelson, Wis.	Tydings
Esterly	Kiess	Peavey	Upshaw
Fitzgerald, Roy G.	Kunz	Rayburn	Wilson, Miss.
Flaherty	Kurtz	Reed, Ark.	Yates

The SPEAKER. Three hundred and sixty Members have answered to their names. A quorum is present.

Mr. TILSON. Mr. Speaker, I move that further proceedings under the call be dispensed with.

The motion was agreed to.

ARTIFICIAL BATHING BEACHES, DISTRICT OF COLUMBIA

The SPEAKER. The unfinished business is the vote upon the motion of the gentleman from Texas [Mr. BLANTON] to recommit House bill 6556, for the establishment of artificial bathing beaches in the District of Columbia.

Mr. BLANTON. Mr. Speaker, may we have that motion reported?

The SPEAKER. Without objection, the Clerk will report the motion of the gentleman from Texas to recommit.

The Clerk read as follows:

By Mr. BLANTON: Mr. Speaker, I move to recommit this bill to the Committee on the District of Columbia, with instructions to report the same back to the House forthwith, with the following amendment, to wit: On page 2, line 2, after the word "sum," insert the following: "wholly out of the revenues of the District of Columbia."

Mr. BLANTON. Mr. Speaker, on that I demand the yeas and nays.

The SPEAKER. The gentleman from Texas demands the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. As many as favor the motion of the gentleman from Texas will answer "yea" when their names are called; those opposed will answer "nay."

The question was taken; and there were—yeas 145, nays 220, not voting 66, as follows:

[Roll No. 31]

YEAS—145

Abernethy	Deal	Kerr	Rouse
Allgood	Dickinson, Mo.	Kincheloe	Rubey
Almon	Dominick	Lankford	Rutherford
Arnold	Doughton	Larsen	Sanders, Tex.
Aswell	Driver	Lazaro	Sandlin
Auf der Heide	Edwards	Lee, Ga.	Schafer
Ayres	Eslick	Little	Sears, Fla.
Bankhead	Evans	Lowrey	Simmons
Barkley	Fisher	Lozier	Sinclair
Beck	Fletcher	Lyon	Smithwick
Bell	Fulmer	McClintic	Somers, N. Y.
Berger	Gambrill	McDuffie	Speaks
Black, N. Y.	Garber	McKeown	Sproul, Kans.
Black, Tex.	Gardner, Ind.	McMillan	Steagall
Bland	Garner, Tex.	McReynolds	Stedman
Blanton	Garrett, Tenn.	McSwain	Stevenson
Bowling	Garrett, Tex.	McSweeney	Swank
Box	Gasque	Major	Taylor, Colo.
Brand, Ga.	Goldsborough	Martin, La.	Taylor, W. Va.
Brand, Ohio	Green, Fla.	Milligan	Thomas
Briggs	Greenwood	Montague	Tillman
Browning	Hare	Moore, Ky.	Tucker
Buchanan	Hastings	Morehead	Underwood
Bulwinkle	Hill, Ala.	Morrow	Vinson, Ga.
Burtness	Hill, Wash.	Nelson, Mo.	Vinson, Ky.
Busby	Hoch	O'Connell, R. I.	Warren
Byrns	Hogg	O'Connor, La.	Weaver
Canfield	Howard	Oldfield	Wefald
Cannon	Huddleston	Oliver, Ala.	Wittington
Carss	Hudspeth	Parks	Williams, Tex.
Carter, Okla.	Hull, Tenn.	Peery	Wilson, La.
Chapman	Jacobstein	Pou	Wingo
Cleary	Jeffers	Quin	Woodrum
Collier	Johnson, Ky.	Ragon	Wright
Crisp	Johnson, Tex.	Rankin	
Crosser	Jones	Rayburn	
Davis	Kemp	Romjue	

NAYS—220

Ackerman	Ellis	Lampert	Scott
Adkins	Fairchild	Lea, Calif.	Seger
Aldrich	Faust	Leatherwood	Shreve
Allen	Fenn	Leavitt	Sinnott
Andresen	Fish	Lehlbach	Smith
Andrew	Fitzgerald, W. T.	Letts	Snell
Anthony	Fort	Lindsay	Sosnowski
Appleby	Foss	Linthicum	Spearing
Arentz	Frear	McFadden	Sproul, Ill.
Bacharach	Free	McLaughlin, Mich.	Stalker
Bachmann	French	McLeod	Stephens
Bacon	Frothingham	MacGregor	Stobbs
Bailey	Furlow	Magee, N. Y.	Strong, Kans.
Barbour	Gibson	Magee, Pa.	Strother
Beers	Gifford	Magrady	Summers, Wash.
Begg	Glynn	Manlove	Sweet
Bixler	Goodwin	Mapes	Swing
Bloom	Gorman	Martin, Mass.	Swoope
Boies	Graham	Menges	Taylor, N. J.
Bowles	Green, Iowa	Merritt	Taylor, Tenn.
Bowman	Griest	Michener	Temple
Boylan	Griffin	Miller	Thatcher
Brigham	Hadley	Mills	Thayer
Britten	Hale	Montgomery	Thompson
Browne	Hall, Ind.	Moore, Ohio	Thurston
Brumm	Hall, N. Dak.	Moore, Va.	Tilson
Burdick	Hammer	Morin	Timberlake
Burton	Hardy	Murphy	Tinkham
Carew	Harrison	Newton, Minn.	Tolley
Carpenter	Haugen	Newton, Mo.	Underhill
Chalmers	Hawley	Norton	Updike
Chindblom	Hersey	O'Connell, N. Y.	Valle
Christopherson	Hickey	O'Connor, N. Y.	Vare
Clague	Hill, Md.	Oliver, N. Y.	Vestal
Cole	Holaday	Parker	Vincent, Mich.
Colton	Hooper	Patterson	Voigt
Connery	Houston	Perkins	Wainwright
Connolly, Pa.	Hull, Morton D.	Perlman	Walters
Cooper, Ohio	Hull, William E.	Phillips	Wason
Cooper, Wis.	Irwin	Porter	Watres
Coyle	James	Prall	Watson
Crowther	Jenkins	Pratt	Weller
Crumpacker	Johnson, Ill.	Purnell	Welsh
Cullen	Johnson, Ind.	Quayle	Wheeler
Darrow	Johnson, Wash.	Rainey	White, Me.
Davenport	Kahn	Ramseyer	Whitehead
Denison	Kearns	Ransley	Williams, Ill.
Dickinson, Iowa	Keller	Rathbone	Williamson
Dickstein	Kelly	Reece	Winter
Douglass	Ketcham	Reed, N. Y.	Wolverton
Dowell	Kiefner	Robinson, Iowa	Wood
Doyle	King	Rogers	Woodruff
Drewry	Kopp	Rowbottom	Wurzbach
Eaton	Kurtz	Sabath	Wyant
Elliott	LaGuardia	Schneider	Zihlman

NOT VOTING—66

Beedy	Flaherty	Kvale	Sanders, N. Y.
Butler	Fredericks	Lanham	Sears, Nebr.
Campbell	Freeman	Lineberger	Shallenberger
Carter, Calif.	Fuller	Luce	Strong, Pa.
Celler	Funk	McLaughlin, Nebr.	Sullivan
Collins	Gallivan	Madden	Sumners, Tex.
Connally, Tex.	Gilbert	Mansfield	Swartz
Corning	Golder	Mead	Taber
Cox	Hawes	Michaelson	Tincher
Cramton	Hayden	Mooney	Treadway
Curry	Hudson	Morgan	Tydings
Davey	Johnson, S. Dak.	Nelson, Me.	Upshaw
Dempsey	Kendall	Nelson, Wis.	White, Kans.
Drane	Kiess	Peavey	Wilson, Miss.
Dyer	Kindred	Reed, Ark.	Yates
Esterly	Knutson	Reid, Ill.	
Fitzgerald, Roy G.	Kunz	Robsion, Ky.	

So the motion was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Drane (for) with Mr. Gallivan (against).

Until further notice:

Mr. Cramton with Mr. Mead.
Mr. Golder with Mr. Shallenberger.
Mr. Treadway with Mr. Lanham.
Mr. Strong of Pennsylvania with Mr. Hayden.
Mr. Begg with Mr. Corning.
Mr. Esterly with Mr. Gilbert.
Mr. Freeman with Mr. Connally of Texas.
Mr. Sweet with Mr. Hawes.
Mr. Butler with Mr. Sumners of Texas.
Mr. Carter of California with Mr. Tydings.
Mr. Kendall with Mr. Kunz.
Mr. Madden with Mr. Collins.
Mr. Reid of Illinois with Mr. Reed of Arkansas.
Mr. Kiess with Mr. Wilson of Mississippi.
Mr. Hudson with Mr. Mooney.
Mr. Funk with Mr. Celler.
Mr. Dyer with Mr. Mansfield.
Mr. Taber with Mr. Davey.
Mr. Campbell with Mr. Sullivan.
Mr. Dempsey with Mr. Cox.
Mr. Luce with Mr. Upshaw.
Mr. Lineberger with Mr. Kvale.
Mr. Knutson with Mr. Nelson of Wisconsin.
Mr. Michaelson with Mr. Peavey.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the bill was passed.

The title was amended.

A motion to reconsider the vote by which the bill was passed was laid on the table.

WAR DEPARTMENT APPROPRIATION BILL

Mr. ANTHONY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8917, making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1927, and for other purposes. Pending that motion I would like to ask the gentleman from Virginia [Mr. HARRISON] whether we can not agree on time for general debate.

Mr. HARRISON. Mr. Speaker, the gentleman from Kentucky [Mr. JOHNSON], who is the ranking minority member of the subcommittee, is too unwell to make this request, so at his suggestion I ask the gentleman from Kansas to give our side five hours.

Mr. ANTHONY. I will say to the gentleman that we would like to close general debate in a shorter time than would be involved in five hours on that side. Could not the gentleman reduce that time?

Mr. HARRISON. I do not think I shall use it, but I will be glad to have it, because there are two committees interested in this bill, the Military Affairs Committee and the Appropriations Committee. Therefore, I ask for that time, although I do not expect to use it all.

Mr. ANTHONY. If the gentleman could reduce that to about four hours on his side, that would enable us to finish general debate in two days, and if he will do it I believe it will be advisable.

Mr. HARRISON. I would rather have the five hours, but how about four hours and a half?

Mr. ANTHONY. All right; we will drive a bargain. Mr. Speaker, I ask unanimous consent that the time for general debate be limited to four and a half hours on each side, four and a half hours to be controlled by the gentleman from Virginia [Mr. HARRISON] and four and a half hours to be controlled by myself.

The SPEAKER. The gentleman from Kansas asks unanimous consent that general debate upon this bill be limited to nine hours, of which four and a half hours shall be in the control of the gentleman from Kansas and four and a half hours in the control of the gentleman from Virginia. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Kansas moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8917, a bill making appropriations for the War Department.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8917, a bill making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1927, and for other purposes, with Mr. TILSON in the chair.

The CHAIRMAN. The House is in the Committee of the Whole House on the state of the Union for the consideration of H. R. 8917, which the Clerk will report by title.

The Clerk read the title of the bill.

Mr. ANTHONY. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Kansas asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

There was no objection.

Mr. HARRISON. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. CONNALLY]. [Applause.]

Mr. CONNALLY of Texas. Mr. Chairman and gentlemen of the committee, on the 7th of January, in this Chamber, I submitted some remarks with reference to the speech which the President of the United States made in New York on November 19, in which, in substance, he said that the present generation of business, through its responsible organizations, was manifesting every evidence of correcting its own abuses with as little intervention on the part of the Government as possible. I then undertook to point out that since the utterance of those sentiments before the Chamber of Commerce of New York there had come into being in the United States an almost unprecedented number of mergers and consolidations of great corporate properties. I then took occasion to point out that the President of the United States in his message to the Sixty-eighth Congress had recommended that changes in the procedure of the Federal Trade Commission be adopted in the interest of economy and speed. Then I adverted to the fact that the President in his message to the present Congress had reminded Congress that he had suggested changes in the procedure before the Federal Trade Commission and that that commission, as reorganized by the President, had voluntarily made those changes which he recommended should be made permanent by law. I undertook then to point out how, under the reorganization of the Federal Trade Commission through the appointment by the President of Mr. Humphrey, the dominant figure in that governmental agency, the Federal Trade Commission had shown a lack of interest in investigating and prosecuting violations of the antitrust laws. I then undertook to point out that the Attorney General of the United States last fall had given out a public statement to the effect that the Department of Justice was not going to concern itself with small violations of the antitrust laws but that only the serious violations would have any notice from the Department of Justice.

At that time I incorporated in my remarks a long list of mergers and consolidations that had been effected in the closing months of 1925. It is my purpose to-day, gentlemen, to point out that since those remarks on the 7th day of January, this tide of corporate consolidations and mergers has gone steadily on during the past month. I want to put into the RECORD some of the notices from the press as to the formation of these new and additional monopolies.

On February 3 the press announced that the National Food Products Co., a $200,000,000 holding corporation to deal in foodstuffs, had been organized. On February 1 an oil merger involving the Manhattan Pipeline Co. of $20,000,000 was reported. On the same day a $10,000,000 concrete products merger was announced, and on the 23d day of January the following press dispatch from New York was carried:

The trend toward mergers and consolidations was the feature of the week.

On the 14th day of January it was reported that the J. G. Brill Co. had formed a $150,000,000 merger with the American Car & Foundry Co. On January 11 the Simms Petroleum Co. was said to be about to be merged with a merger mentioned by me on January 7. On January 12 an $80,000,000 merger of power concerns in Florida was announced, and on the 22d the proposed merger of the Northeastern Power Co. and the Power Corporation of New York was announced. A recent news dispatch told of the merger of 33 brick manufacturing concerns in the Middle West producing more than half the brick in Iowa, Kansas, Oklahoma, and western Missouri, by Flint & Co. of New York, and under the name of Western Brick & Tile Co. of Kansas City. On the 13th day of January the Central States Electric Co. issued a 900 per cent stock dividend. On January 23, flaming headlines read, "Bankers behind big rail merger."

Within the last month, gentlemen, there have been many corporate mergers, many more than I have been able to call to your attention or shall be able to call to your attention in the brief span which I shall be able to devote to that question; but a few days ago there was announced the formation of what, let us hope, was the climax to this veritable tidal wave of corporate mergers and consolidations in the necessaries of life which the American people must have to subsist. This was the $2,000,000,000 Ward Baking Corporation that proposes to deal not alone in bread but in all of the food products of the Nation.

A $2,000,000,000 food merger! What happened? As if to deaden the public conscience, as if to somewhat dull public indignation at this defiance of the laws, this corporation announces that one of its purposes shall be:

The directors shall from time to time be authorized to make contributions from the surplus or net profits of the corporation for the purpose of erecting or maintaining one or more hospitals, infirmaries, dispensaries, or homes for invalid or aged employees of the corporation.

And mark these words of this altruistic corporation, this charitable institution—

And to make such other contributions as in the judgment of the board of directors will contribute to the protection or advancement of the interests of the corporation.

Its charities are to be for the advancement of the corporation.

What else does it promise? As a further testimony of its high and exalted purpose it says:

To perform any act permitted by law to the end that the American people may have and enjoy wholesome food at fair prices and that every child may enjoy the right to be born well, to reach school age well, and to grow to maturity physically and mentally fit for American citizenship.

If this concern does not propose ultimately to monopolize the food business of the entire United States, how will it ever be able to provide that every child—and that is its language—may enjoy being born well and have and enjoy wholesome food at fair prices.

My friends, this is a new doctrine that is to be announced—the doctrine that the public are to be lulled into indifference and unconcern by the fatuous promise that this corporation is to extend charity to its victims after it has fleeced the poor and wrung from them out of the bread which they must eat, inordinate profits in order that it may, out of its largess, distribute some of it to charity. [Applause.]

Gentlemen, it may be of interest to you to know that this strange doctrine is not now announced for the first time in the United States. In the course of my remarks I shall necessarily refer to the President of the United States. As I said a month ago, I speak respectfully of the President of the United States. I want no one in this Chamber to think that I would refer to him in anything but terms of respect, but respect of the kind that enables one man in the discharge of his own duty to look another man in the eye in the discharge of his duty and talk as man to man.

On the 27th day of November, 1920, the present occupant of the White House, fresh from his election as Vice President of the United States, but before he took office, made a speech in New York to a meeting of the alumni of Amherst College. The topic of the then Vice President elect on that occasion was economics and education. That speech was reported in the Boston Herald of November 28, 1920, and the newspaper file is yonder in the cloakroom if any curious gentlemen want to question what I have to say about it. In that speech what did the then Vice President elect and the now President of the United States say about such aggregations of corporate wealth and purposes such as are announced by this food merger known as the Ward Baking Corporation? Here is what he said—not all that he said, but part of what he said:

We justify the greater and greater accumulations of capital because we believe that therefrom flows the support of all science, art, learning, and the charities which minister to the humanities of life, all carrying their beneficent effects to the people as a whole.

Gentlemen of the House, that was and is a remarkable utterance. It is the announcement of a new philosophy of economics. It is a pronouncement from a high station of a strange doctrine alien to the political ideals of the United States. When the President says, "We justify," he must realize that these greater and greater accumulations of capital need a justification; he must realize that going with them, as it does, monopoly hand in hand, and going with these accumulations of greater capital the economic power to control the necessaries of life, he must realize that they are in need of justification, and so he says:

We justify them because we believe that therefrom flows the support of all science, art, learning, and the charities which minister to the humanities of life.

Gentlemen, are 110,000,000 of people, living in the greatest nation on the globe, living in the richest land the sun shines upon, dependent for all science upon the charity that these great aggregations of wealth may dispense? Can not the people of the United States out of their own Treasury in State and Nation provide for the investigation and propagation of science without being dependent on the charities of the great corporate monopolies of the land? Are we dependent on them for the support of science? The Vice President in 1920 said we are dependent upon them for the support of all learning. Where are the educational systems of the States; where are all of the millions of dollars of necessary expenses for public education? Are we dependent on them for all learning? Then the President says we are dependent on these great aggregations of capital for all the charities. I wonder if the organizers of the Ward $2,000,000,000 food trust ever read anywhere this sentiment expressed by the President of the United States.

Mr. MOORE of Virginia. Will it disturb my friend if I interrupt him?

Mr. CONNALLY of Texas. Not at all.

Mr. MOORE of Virginia. I wonder if the gentleman has seen a striking article by Professor Ripley, of Harvard University, in which he discusses the unprecedented corporate combinations that are now being formed, with ownership disassociated from control, and a condition of peril created of which the public takes little cognizance. It is a most impressive article which should awaken universal interest and help to bring about action in the line of what the gentleman is suggesting.

Mr. CONNALLY of Texas. I am pleased to have the gentleman call that article to mind.

Mr. MOORE of Virginia. It is in the Atlantic Monthly for January.

Mr. CONNALLY of Texas. I regret to say that I did not have the benefit of the article before I undertook to make these remarks. My own source of information has been that which is daily available to all of us, the public press and Government reports, but I am sure in such cursory examinations as I have been able to make many consolidations and statements relating to them have escaped my notice. I thank the gentleman for contributing the thought to the effect that notwithstanding this flood of corporate consolidations of greater and still greater economic power under the dominance of fewer and still fewer men the people of the United States seem to have a feeling of unconcern and indifference.

My own conviction is that the speech of the President at New York in November, 1925, contributed much to reassure the country and the people that all was well and that business was performing its functions properly and that it was correcting its own abuses, and that on the other hand these corporate concerns, covetous and anxious to consolidate, took the language of the President as an assurance that they would not be disturbed; taken in connection with the statement of the Department of Justice last fall when the assistant in charge of antitrust prosecutions announced that there would be a season of freedom and that only serious infractions would be prosecuted, could be easily construed as an assurance of safety. I dare say these two causes contributed mightily to the formation of the attitude of the public noted by the writer of the article to which the gentleman from Virginia has referred.

But, gentlemen, some may say that the President and the Department of Justice have awakened. I do not want to do them an injustice. My own view is that the Federal Trade Commission, dominated by an appointee of the President, Mr. Humphrey, operating under the new system of procedure suggested by the President, whereby the accused is given a secret hearing before the board of review and permitted to present his evidence without the presence of the prosecutor—my own view is that so far as the useful functions of the Trade Commission are concerned the Trade Commission is suffering from pernicious anemia, and the Department of Justice has an attack of the sleeping sickness. [Laughter and applause.]

Oh, some one will say that last night's paper carries an announcement, and this morning's paper has an announcement, that the Department of Justice has filed an injunction suit in Baltimore against the formation of the Ward Baking Trust, the $2,000,000,000 concern, and that the Federal Trade Commission has begun an investigation in New York of the Continental baking concern, the $400,000,000 merger, which I mentioned in my speech a month ago and about which the Attorney General stated that he had taken no notice.

Gentlemen, why this notice at this time, now; why the injunction against the Ward Baking Corporation, and why the investigation by the Federal Trade Commission of the Continental baking concern? Why, gentlemen, can it be denied that the speeches in the Houses of Congress in this Capitol, that the agitation and investigation by committees at the other end of the Capitol, have in all probability contributed mightily to arouse a slight sign of vitality in the Federal Trade Commis-

sion and a fitful and faint awakening of the Department of Justice?

But let us see; the Department of Justice some time ago was trying to get from the Federal Trade Commission the files in the case of the Aluminum Co. of America, of which Secretary Mellon is one of the principal owners, and which the Federal Trade Commission had investigated and had reported that that concern had violated not once, not twice, not thrice, but many times a Federal court decree. What happened? The Federal Trade Commission, dominated by Mr. Humphrey, refused to turn over to the Department of Justice the files and evidence against the Aluminum Co. of America.

And the Senate called upon the Department of Justice for an opinion as to why it did not get the evidence, and what did the Attorney General reply? The Attorney General of the United States officially replied that under existing law he knew of no way to get it. I have his exact words here somewhere, and I do not want to do him an injustice by misquoting him. Here is what he said:

I am of opinion that the refusal of the commission to disclose the evidence in this case can not under existing law be remedied in any proceedings brought by the Attorney General.

The substance of what the Attorney General said was that under existing law he knew of no way by which the evidence locked up in the Federal Trade Commission and which was damning to the Aluminum Co. could be secured by the Attorney General of the United States! The Attorney General directs every Federal district attorney in the United States. Every district attorney has access to a Federal grand jury. Why, gentlemen, every country lawyer in America except the Attorney General knows that a Federal grand jury could bring the Federal Trade Commission's files and documents and could bring the commissioners themselves, if necessary, before the grand jury and obtain that evidence. [Applause on the Democratic side.]

What happened? The Federal Trade Commission said, "We won't give it up." The Attorney General says that he can not get the evidence, and he does not know how. Then the Senate of the United States called up a resolution calling for that evidence to be turned over to the Senate itself, and the Aluminum Co., out of the goodness of its heart, appeared and said:

If you are that serious about it, we will consent that it be turned over.

Mr. Chairman, is the great Government of the United States dependent for the vindication of its laws upon the consent of those who violate them and then defy the Government to prosecute the violation? Why, if the doctrine announced by the Federal Trade Commission that it can lock up its files and deny them to the Attorney General, and if the opinion of the Attorney General that he, the chief law officer of the United States, has not within his own office, has not within the power of all the Federal courts, any process by which to get that evidence, is to be accepted, then the Federal Trade Commission, organized as it is to prosecute the trusts, becomes a city of refuge to which the guilty may flee, a sanctuary for those who violate and defy the laws of the United States! [Applause on the Democratic side.]

Oh, but they say, Congress ought not to make political speeches about the Federal Trade Commission and about the Tariff Commission and about the formation of corporate mergers and about corporations and their defiance of law—at least the President says so. The White House spokesman, whoever that unseen and unknown individual may be, gave out a statement to the newspaper correspondents a few days ago. What did he say? I have the newspaper clipping here, but I shall not attempt to read all of it. The clipping goes on to say that—

President Coolidge took a rap to-day at what was termed propaganda—

And so forth.

Then there is a reference to the Army and Navy, and what else?

That the Federal Government is not properly enforcing the laws of the land—

And—

What the President had to say regarding the propaganda aimed at the efficiency and honesty of purpose of the present administration in its administration of the Government is taken by those who heard him—

And so forth. Who?

The newspaper says "The President." At some other place it refers to the spokesman, this evanescent individual that floats out into the press columns when he wants to and then disappears behind a screen. This strange individual called the spokesman is revealed by this newspaper article as the President himself. What does it say?

What the president had to say regarding propaganda aimed at the efficiency and honesty of purpose of the present administration in its administration of the Government is taken by those who heard him as a reply to the recent criticisms and implications relative to prohibition enforcement, the prosecution of the Aluminum Co. of America, the recent consolidation of large corporations, the administration of the Federal Trade Commission, and the United States Tariff Commission. President Coolidge believes that the business of the Federal Government is proceeding very well—

Then the article winds up—

the President hopes that the public will not take too seriously the speeches that are being made both in and out of the Capitol, and that his administration will continue to enjoy public approval and support.

The New York Times of February 2 reported:

The administration struck back to-day at its critics in Congress and the country. At the White House the increasing attacks were characterized as seasonal or actuated by political motives.

Mr. Chairman, I congratulate the Department of Justice on filing its injunction suit against the Ward $2,000,000,000 Food Corporation. I hope that it will take action of a different variety from what it took in the matter of the Aluminum Co. of America, which the Department of Justice was investigating. Although it had not completed the investigation the department gave out a statement that it could be said that the investigation would be favorable to the Aluminum Co. I hope that the Department of Justice, when it gets the evidence from the Ward $2,000,000,000 merger, will not pursue the policy of the Federal Trade Commission and lock up the evidence and not permit the courts to have it. In New York, to-day, I notice from the newspapers, the Federal Trade Commission is investigating the $400,000,000 bakery merger, a component part of which is the Continental Baking Co., which last year on a capitalization of $14,000,000 made profits amounting to $10,000,000.

That company has recently merged with others in a $400,000,000 concern, and this morning's paper tells us that the Federal Trade Commission examiner was not able to get desired proof out of that company, because the president of the company declined to give it. The evidence was not procured. Will the Trade Commission have to wait until it is voluntarily produced, as the Aluminum Co. finally came in and surrendered the testimony when it saw the Senate would get it anyway?

I congratulate the Department of Justice and the Federal Trade Commission, and I hope they will now turn their engines on the Aluminum Co. of America, proof as to which they already have in their files, and regarding which the Federal Trade Commission has already completed its investigation, declaring that it has violated Federal court decrees not once, not twice, but many times. The Attorney General has that proof that he did not know how to get. Why does he not file suit? Why do you want an injunction against the Ward Baking Corporation if it can go on violating that injunction with impunity?

Mr. OLIVER of New York. Mr. Chairman, will the gentleman yield?

Mr. CONNALLY of Texas. I yield.

Mr. OLIVER of New York. Does not the gentleman realize that there is a Cabinet officer who makes aluminum and no Cabinet officer who makes bread? [Laughter on the Democratic side.]

Mr. CONNALLY of Texas. The interruption of the gentleman from New York, as usual, is very illuminating as well as "aluminating," and I thank the gentleman; but if they are going to prosecute the baking corporation, why not prosecute and arraign at the bar of the court the Aluminum Co. of America in which the proof is already complete? Why not prosecute them all?

Mr. Chairman and gentlemen, the President's strictures against speeches in the Senate and in the House, after all, are probably a little too severe. Probably some of the speeches made in the Halls of Congress, particularly in the Senate, may have been responsible for the action that is now being taken by these two departments of the Government.

Certainly, certainly speeches which were made in the Senate were responsible for the adoption of the resolution to make the Federal Trade Commission disgorge the evidence in the Aluminum case that led to its turning over to the Department of

Justice, although the department said some time ago that its report would be favorable. But, gentlemen, there is a more serious issue here. There is a more serious issue even than the forming of a trust, and that is the fact that the President of the United States, sitting in the White House, dares to warn the country, dares to warn the people of the United States to pay no attention to speeches made in the Congress of the United States because, forsooth, it is his opinion they are "seasonal" or are actuated by political motives. Why, gentlemen of this House, the President of the United States ought to remember that the House of Representatives bears a mandate from the people of the United States given at the same election at which he was chosen President. The President must know that the House is elected directly by the people and not indirectly; he must know that the House is closer to the people than any other agency of the Government. Gentlemen, what is the serious question here? The serious question is that the President of the United States, with the great prestige of his office, with his great command of publicity, with the mighty power of the position that he holds should say to the people of the United States that what their Representatives may say in this forum and in the great forum at the other end of the Capitol is actuated by political motives and therefore should stand discredited before the people because of the disapprobation of the White House; that they are made for political effect and are therefore unworthy. What is politics? Politics, my friends, so the dictionary says, is the science of public affairs. Politics is that which relates to government and public business. All that is done by the agencies of government relates to politics.

If the Representatives of the people can not speak here upon this floor and at the other end of the Capitol about questions which affect the welfare of the United States, where, oh where, can they speak? If what is said here in this Chamber be false, let it be refuted. If it be unsound, let it be exposed. If it fails to appeal to logic or reason, let it be rejected; but the President has no right to damn it in advance by the charge that it is political. The people have the right to know the truth. This is their Government, and they have the right to know the truth about it, whatever the motive that speaks the truth. Why, my friends, the President when he speaks the wires carry his message from one coast to the other and into every nook and cranny of the Republic. Why, you can listen out upon the weird wings of the night and hear his voice vibrating and thrilling all over the United States. But if the Congress speaks it is politics. If the President speaks it is statesmanship and patriotism. He once had the reputation of being a silent man. He shows some evidence of emerging from that reputation, but, on the other hand, he is in danger of acquiring a reputation for deafness. He does not want to hear, neither does he want the country to hear, what Congress has to say. The President of the United States has been making his pleasing speeches on economy for all these years, and I applaud him for it. I applaud the President of the United States for his economy program. Why, the country believes if it were not for the President of the United States Congress would plunge this Nation into such a reckless spending of money we would never recover from it. Why, because Congress has no special spokesman to give out statements to be carried out to every part of the Republic. Why, the Republic does not know that the Congress of the United States, under the leadership of Mr. MADDEN, of Illinois, chairman of the Appropriations Committee, and Mr. BYRNS, of Tennessee, ranking minority member [applause], has cut the presidential Budget $345,000,000. [Applause.] Three hundred and forty-five million dollars since the Budget has been in effect, and the country does not know that since President Coolidge has been President every session of Congress has appropriated less money than the President and the Budget requested. [Applause.] The country does not know that appropriations for the White House and the executive offices have greatly increased under the present administration. Now, gentlemen, this strange doctrine that the White House has advanced, that the people are to pay no heed to Congress, is one that if carried to its ultimate logical conclusion strikes at the heart of liberty of speech and popular representation in the branches of the Congress of the people of the United States. Why, George Rothwell Brown in the Washington Post the other day said this:

> If King George should undertake to warn the British people against the political character of the speeches in Lords and Commons, there would be a small advertisement under "Situations wanted" in the London Times.

[Laughter.]

It is true, my friends. It is true that there is no crowned head in Europe who would dare speak to the people of his realm and tell them not to listen to or not to heed the speeches made in the Parliament in which the representatives of the people sit. And I will tell you why the crowned heads would not do it; they know what happened in the struggles between parliaments and kings throughout all history.

Why, they remember, gentlemen, that in the struggles over British liberty, long before Cromwell led his Ironsides against the cavalry of Prince Rupert, Hampden and Pym, in the British Parliament—politicians, if you please—were denouncing the aggressions of the Crown and arousing the British people to a realization of their wrongs.

They know, my friends, that in the history of this country, long before George Washington marshaled his ragged battalions and drove from these shores forever the royal standard, James Otis, in Boston, and Patrick Henry, in the House of Burgesses in Virginia, were denouncing the outrages on the part of the Crown and arousing the people to the high resolve which found expression in the pen of Jefferson. [Applause.]

Gentlemen of the House, they know that long before the generals of the armies of the French Revolution with raw levies were holding at the boundaries of France the armies of the leagued monarchs of Europe, Mirabeau, the champion of the people, was standing in the assembly in Paris when a messenger from the King arrived bringing a command to the assembly to dissolve, and Mirabeau said to him:

> Go back and tell your royal master that we are gathered here by the will of the people, and we shall not be driven out except at the point of the bayonet.

[Applause.]

Ah, my friends, there is only one figure in all of Europe, only one ruler that would dare to give public utterance to a warning to his people not to listen to speeches in Parliament. That is Mussolini; Mussolini who, after mastering his own party and after mastering his own country, drove from the doors of Parliament those who opposed his policy. The deputies that dared to speak on the floor of Parliament, Mussolini drove out and told them that they could return only when they returned with his sentiments in their hearts and his words on their lips.

Oh, my friends, that is the same Mussolini who, after having mastered his own party and having mastered his own country, now turns his inordinate ambition toward Brenner Pass and looks with longing eyes toward Germany.

Can it be that the President of the United States, having mastered his own party, feeling secure in the mastery of all the country, now is about to turn his face toward the Brenner Pass of a third term, toward which the moral virtue, the statesmanlike patriotism of George Washington never permitted him to look, and which the military glory of Grant and the marvelous genius of Roosevelt were never able to attain? [Applause.]

Mr. Chairman, I yield back the remainder of my time.

Mr. BARBOUR. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. RAMSEYER].

The CHAIRMAN. The gentleman from Iowa is recognized for 10 minutes.

THE TREASURY'S VIEWS ON THE DENISON BLUE SKY BILL (H. R. 52).

Mr. RAMSEYER. Mr. Chairman and members of the committee, following the eloquent and interesting speech just made by the gentleman from Texas [Mr. CONNALLY], I fear that what I am about to say will sound rather prosaic. I asked for time to present to this House the views of the Treasury on H. R. 52, commonly known as the Denison blue sky bill. As you know, I opposed this bill during both the Sixty-seventh and Sixty-eighth Congresses. As the Interstate and Foreign Commerce Committee having jurisdiction of this bill will likely have the Calendar Wednesday call to-morrow or to-morrow in a week, and H. R. 52 having been reported out by that committee I take this opportunity to get into the RECORD a letter of the Secretary of the Treasury opposing this bill, so that the membership of this House will know what the Secretary of the Treasury has to say in opposition to this bill.

Prior to the date of Secretary Mellon's letter I never communicated with anybody in the Treasury Department, either directly or indirectly, in regard to this bill. On the day this letter was written, to wit, January 12, 1926, an official in the Treasury Department telephoned my office and told me that the Secretary of the Treasury had just written a letter to the chairman of the Interstate and Foreign Commerce Committee giving his views on H. R. 52, stating further that he understood I was interested in the bill and asked me if I should like to have a copy of the letter. I told him that I had opposed the bill during the last two Congresses and asked him what the attitude of the Treasury was on that bill. He advised me that the Treasury was opposed to the bill. I then told him that I would not only be delighted to receive a copy of the letter but that I should see to it that the Treasury's views were

communicated to the membership of the House before H. R. 52 was called up for consideration. After I received this letter I wrote a letter to the Treasury acknowledging receipt thereof, and again gave assurance that the Secretary's letter would be presented to the membership of this House.

I shall now ask the Clerk to read the letter of the Secretary of the Treasury and also my answer to the same.

The CHAIRMAN. Without objection, the Clerk will read.

The Clerk read as follows:

THE UNDERSECRETARY OF THE TREASURY,
Washington, D. C., January 12, 1926.

Hon. C. W. RAMSEYER,
House of Representatives.

MY DEAR CONGRESSMAN: I inclose a copy of a letter which Secretary Mellon is sending to-day to the chairman of the Committee on Interstate and Foreign Commerce submitting the Treasury's views on H. R. 52, a bill introduced by Mr. DENISON to regulate the sale or disposition of securities through the United States mails or other agencies of interstate and foreign commerce. I am advised that you are interested in this legislation and would like to receive a copy of the Secretary's letter to the committee.

Very truly yours,

GARRARD B. WINSTON,
Undersecretary of the Treasury.

Mr. RAMSEYER. Now comes the letter of Secretary Mellon.

The Clerk read as follows:

THE SECRETARY OF THE TREASURY,
Washington, January 12, 1926.

MY DEAR MR. CHAIRMAN: In accordance with the request of the committee, I am submitting herewith the Treasury's views on H. R. 52, a bill introduced by Mr. DENISON to regulate the sale or disposition of securities through the United States mails or other agencies of interstate and foreign commerce.

This bill appears to be almost identical with H. R. 4, introduced by Mr. DENISON in the last Congress, upon which, at your request, I expressed my views in a letter dated February 23, 1924. The present bill, like the previous one, exempts from its operation several important classes of securities and business transactions involving the sale or disposition of securities; and it also provides exemption of certain bonds and notes secured by mortgages on agricultural lands and other real estate.

Notwithstanding the exemptions proposed, I am of the opinion that the bill would unreasonably restrict transactions in securities and that the objections stated in my former letter to the bill then under consideration would apply with equal force to the present bill. The bill as drawn would involve innumerable difficulties of interpretation and administration.

It would, in effect, subject all transactions (conducted through the agencies of interstate commerce) in stocks and other securities to the laws of the various States and Territories and place upon the Federal Government almost insuperable difficulties in enforcing these diverse laws, many of which create purely technical offenses. Their enforcement would not only cause frequent embarrassment to legitimate transactions, but would result in hardship and injustice, if a uniform penalty is imposed without regard to the gravity of the offense prohibited by any particular State law.

The number and variety of exemptions that must be made, in order not to place too great burden on legitimate transactions, illustrate the difficulty of regulating issues of securities by rigid requirements which apply to all cases alike. In addition to the difficulties of administering such a law, the numerous exemptions are necessarily so complicated that to master their application would impose a heavy task upon all those who deal in securities. The proposed law has the further disadvantage both of tacitly approving all dealings in securities in the exempt list, regardless of how undesirable such dealings may be, and also of unduly restricting many legitimate financial operations which may fall outside the exempt classification. Furthermore, such a law, imposing upon the Federal Government the duty of enforcing State laws, might not only establish an undesirable precedent but would subject the National Government to very great expense in organizing and maintaining the machinery necessary for the enforcement of the many laws on this subject passed by the States.

I hope you will not construe this expression of opinion as a statement of opposition to the purpose which the bill seeks to accomplish. With the object of the bill I am entirely in sympathy, for I believe there is a pressing need for a Federal statute which would repress the flow of issues of fraudulent or worthless securities through the channels of commerce among the States without putting an undue burden on legitimate issues. The State laws have proved inadequate and at the same time are more diverse and burdensome than a comprehensive Federal statute would be. The situation, it seems to me, is essentially one which should be dealt with by Congress through a law applicable to fraudulent transactions and issues of securities employing interstate agencies and providing effective safeguards for protecting the public against fraudulent promotions, which are now responsible for so great a waste of capital.

Perhaps such legislation might take the form of a law under which securities which appear to be fraudulent could be brought to the attention of the Department of Justice through proceedings in the nature of an information. The Attorney General could then be authorized to investigate such securities, and if he found evidences of fraud to issue a summary order forbidding their further sale under heavy penalties.

I do not need to add that the Treasury is heartily in favor of any legislation that would protect the investing public against fraudulent promoters without unduly burdening legitimate business transactions. I do not believe, however, that Mr. Denison's bill, H. R. 52, in its present form, would result in benefits commensurate with the expense and difficulties of enforcement or the hardships which it would impose on many legitimate financial transactions. In any event, the law should not place upon the Federal Government the task of enforcing the diverse laws of the various States, but should establish a procedure under which the Federal Government can investigate issues of securities and protect the public against such as appear to be fraudulent.

Very truly yours,

A. W. MELLON,
Secretary of the Treasury.

Hon. JAMES S. PARKER,
Chairman Committee on Interstate and Foreign Commerce,
House of Representatives.

Mr. RAMSEYER. Now will the Clerk read the letter I wrote in reply?

The Clerk read as follows:

JANUARY 18, 1926.

Mr. GARRARD B. WINSTON,
Undersecretary of the Treasury,
Washington, D. C.

MY DEAR MR. WINSTON: I wish to acknowledge receipt of your letter of the 12th instant, inclosing a copy of a letter from Secretary Mellon to the chairman of the Committee on Interstate and Foreign Commerce, submitting the Treasury's views on H. R. 52. I am gratified to know that the Treasury's views are in entire accord with my own on that bill. If the bill comes up for consideration in the House I shall see to it that every word of Secretary Mellon's letter becomes known to the membership of the House.

Very truly yours,

C. W. RAMSEYER.

Mr. RAMSEYER. My time is nearly up. I have no desire to make any comments on this letter to-day. The letter is now in the RECORD and available to the membership of this House. If the blue sky bill is called up during the time the Interstate and Foreign Commerce Committee has charge of the Calendar Wednesday or at any other time, I shall then comment on the Treasury's views on this blue-sky bill. You who have heard me express my opposition to this bill heretofore will know that the Treasury's views and my own views are in entire accord.

In closing I wish to call your attention to the second paragraph of the Secretary's letter. There you will see that the Secretary of the Treasury wrote a letter to the chairman of the Interstate and Foreign Commerce Committee on February 23, 1924. This blue-sky bill was up for consideration in the House on March 19, 1924. The Treasury's views then had been in the possession of that committee for nearly a month. When the bill was up for consideration on March 19, 1924, the Treasury's views as expressed in the letter of February 23, 1924, were not made known to the House membership.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. HARRISON. Mr. Chairman, I yield to the gentleman from South Carolina [Mr. STEVENSON].

The CHAIRMAN. The gentleman from South Carolina is recognized.

Mr. STEVENSON. Mr. Chairman, I desire to call the attention, especially of Members of this House, to the very numerous incursions that are being made by the Federal Government on local self-government and the rights of the States.

The fundamental tenet of the Democratic Party from its foundation has been, "The less the people are governed, consistent with order, the better for them." This applies both in the State and Nation.

All national legislation must be justified by and based upon an affirmative grant of power in the Constitution, and hence a close adherence to the Constitution which defines just how far you can go in invading the rights of the citizen by congressional action has been the national platform of the Demo-

cratic Party. Attempts to undermine this foundation have been made along two routes—first, by amending the Constitution so as to grasp more power, which merely means to circumscribe the rights of both States and individuals more closely, and, second, by construing the Constitution to mean what it was never intended to mean.

The first course was entered upon in enacting the thirteenth, fourteenth, and fifteenth amendments to the Constitution, growing out of the Civil War and dealing with questions that should have been dealt with by the States solely. As is almost always the case, a great moral question was the excuse for this invasion—the question of human slavery. Then they went another step when prohibition was made a Federal question. I am a prohibitionist and voted for the amendment which was justified by the arrogant attitude of liquor dealers in defying the State liquor regulations. In my State we finally enacted prohibition and were enforcing it in a measurably efficient manner; but the liquor dealers of Baltimore, Cincinnati, and other accessible cities made it impossible for the State to effectually enforce the law by legally and illegally dumping liquor into the State in every conceivable way and making our only defense an effort by the States through Federal power to dry up the source of this all-corrupting stream. Hence, in the name of sobriety, decency, and the right of a State to destroy the traffic within its bounds, it became, as we conceived, necessary to invoke Federal power to shut down the traffic everywhere. That was the justification for that raid on the rights of local self-government, and the action of liquor dealers furnished this excuse. Whether in the long run it will prove to have been the best way to do it or not will be determined in the next quarter of a century. Gathering this police power into the hands of the Federal Government and filling Federal courts with police cases has raised some grave doubts in the minds of many thoughtful men. We can not turn back now, however. It is the Constitution, and must be enforced.

Then came the excuse of child slavery, one that has been overworked by good people of scant information as to the feelings and impulses of the masses of the people. With the spur of a national election on, and organized labor apparently behind it, backed by many humane organizations, an amendment was submitted to the States to prevent any child under 18 years of age from engaging in labor of any kind, to be enforced, of course, by Federal statute. That meant substitution of Federal for parental control, of national for State regulation, and filling the Federal courts with juvenile court cases also, to be dealt with at long distances from home by overcrowded courts, where children, bootleggers, bank bandits, and post-office yeggs would all be assembled at the same bar. Fortunately this last invasion of State rights has failed of ratification by the States, only 4, I believe, having ratified it, when it takes 36.

Not daunted by this, the proponents of a strong central government in the name of family sanctity are pressing to-day for another amendment to give Congress power to pass and enforce a uniform divorce law. That means that all the salacious cases arising in the divorce courts, all the violations of the act passed to carry out the amendment, dealing with license to marry, age at which it can be contracted, reasons for its dissolution, shall also be drawn into the Federal courts and one law written for every State on the subject. It means that South Carolina's constitutional provision prohibiting divorce shall be written out and a Federal court be authorized to dissolve the bonds in that State where for two centuries it has been prohibited. Indeed, the proponents hold South Carolina's stand for decency up as a horrible example, and in the bill introduced specify five grounds of divorce, one of which is incurable insanity on the part of one of the parties.

Page Mr. Flagler and the Florida Legislature, who we execrated from one end of the land to the other, for making that a ground, and the legislature, under the lash, repealed it as soon as Mr. Flagler secured his divorce.

Another case of proposed amendment to the Constitution is the attempt to subject the bonds of States and their subdivisions to a Federal tax. The cry that they are tax free and must be brought into the zone of taxation by an amendment is alluring but untrue. The State issuing bonds or allowing school districts, towns, and counties to do so can make them taxable if it sees fit, and can consent even for the Federal Government to tax them, but when it makes them taxable it makes the rate of interest higher. The taxpayer in South Carolina pays the interest in a higher rate to the bondholder, and if the bondholder can not dodge it altogether he pays it over to the city where he lives—New York, Chicago, Philadelphia, Boston, or Pittsburgh—and it surely is a good way to collect tax from rural communities and turn it over to the financial center cities. The States are sovereigns just as the United States is a sovereign, and the Supreme Court held in an opinion written by John Marshall, that neither sovereign can tax the instrumentalities of government of the other. The State can tax its own, but not the United States bond, and the United States can and does tax its own, but not the State bonds, because if allowed to tax the other it could tax it so as to destroy it as they did State bank currency in 1864.

The second mode of extending Federal power has been far more effective because the steps are less perceptible and never submitted to the people in any form. Construction has grasped power under the general welfare and the commerce clauses of the Constitution till it is strange that any cult should seek the method of amendment. To illustrate: Take the Esch-Cummins Transportation Act; it merely crystallized constructions made by the courts. They have extended the Federal power beyond the wildest dreams of centralization lawyers of 25 years ago. They have drawn a pen through the rates for passenger fare fixed for intrastate service, and standing since 1899 unchallenged in South Carolina, and written in a higher rate. They have destroyed the right for our State railroad commission to fix the rate on a pound of freight, put aboard a local freight train, carried 5 miles and delivered, and the entire journey and both termini being in South Carolina. They have given the power for the Interstate Commerce Commission to say that a road entirely in the State of Virginia, touching no other Commonwealth, may or may not be built, and once permission is given the company shall have the right to build without obtaining permission from any other power whatsoever. How they will get the right of eminent domain to acquire the right of way is not yet settled, and to thoughtful lawyers is a problem that will call for more constructive ingenuity to solve.

The Dyer antilynching bill is an effort to bodily take over the police power to keep the peace, always held to be the province of a State so long as legitimate Federal activities were not obstructed or assailed, without any pretense of amendment of the Constitution. It would draw almost any case, if homicide is committed under circumstances involving two or more parties, into the Federal courts.

In his message at the opening of the Sixty-ninth Congress President Coolidge said on first page:

> The greatest solicitude should be exercised to prevent any encroachment upon the rights of the States or their various political subdivisions. Local self-government is one of our most precious possessions. It is the greatest contributing factor to the stability, strength, liberty, and progress of the Nation. It ought not to be infringed on by assault nor undermined by purchase. It ought not to abdicate its power through weakness nor resign its authority through favor.

These are statesmanlike words, but a bit clouded by the indorsement of the Dyer bill found on page 20 of the same message.

On that foundation, however, the Democratic Party should stand, as that is its birthright, and its position will be vindicated.

The Republican Party on the other hand has always stood for a strong central Government and for minimizing and weakening the powers and activities of the States. Brought into existence by the controversy over slavery, offering as its reason for asking control, the excuse that it wanted power to limit and abolish the rights of the States to manage their domestic affairs in that particular, it has controlled the Government 50 of the 66 years since 1860 and has naturally stamped its character on the legislative, executive, and judicial departments of the Federal Government, until the cry is raised that the Government at Washington must grant relief on every emergency. If it is a crop failure, they want the Federal Government to finance the obligations, furnish them seed, and cash to cultivate the crop. If it is a superabundant crop and the price drops below the cost of production, they want the Government to finance the surplus and take it off the market and enable them to sell their product to the consumer at a profit. In other words, by law, force the consumer to pay more than it is worth in the world market for what he has to buy and the producer has to sell. Well, it is not strange that the producer of farm products is making that appeal to the administration and the Republican Party. Has not he been present when great men like Mr. Fordney have told how they have raised the price of manufactured goods, which the consumer has to buy, by passing a law? Has not he seen them thus artificially raise the price of those goods and thereby made the business of selling to the American public profitable, and has not he seen the same goods sold much cheaper abroad than in the United States all as a result of the tariff laws enacted for that express purpose? Then is it strange that the agricultural producer is insistently asking this centralized, and selfishly organized and exploited Government to do for him what it has done for the manufacturer?

The Nation is coming to the turning of the road on this question of Government interfering with the rights of the States and the legitimate channels of trade. Interference with private business, whereby one man is required to pay more for the article which his neighbor has to sell, than he otherwise would have to pay, is the most pernicious type of Government interference with the rights of individuals. It is typical of the Republican Party, and is absolutely antagonistic to the fundamental principles of the Democratic Party.

With the cry from the freezing Northeast demanding that he take action to end the coal strike and thereby defeat his friends, the coal barons who are planning to starve out the miners, and with the hurricane howl from the western farmer to have the same treatment as the manufacturer on their great crops of corn, is it wonderful that the President begins to talk of States' rights with which neither he nor his party have been on speaking terms for half a century? [Applause.]

Mr. HARRISON. Mr. Chairman, I yield 20 minutes to the gentleman from Mississippi [Mr. BUSBY].

The CHAIRMAN. The gentleman from Mississippi is recognized for 20 minutes.

Mr. BUSBY. Mr. Chairman and members of the committee, on the 18th of January, about two weeks ago, there was reported out of the Committee on Public Buildings and Grounds what is commonly known as the Elliott bill. The Elliott bill is a public buildings bill which contains three different departments. Fifty million dollars is provided in that bill with which to do building in the District of Columbia; $15,000,000 is provided in that bill with which to supplement appropriations heretofore made, and with that additional amount to complete 64 projects which have been authorized throughout the United States. There is an additional item of $100,000,000 included in this authorization, of which $100,000,000 is to be spent through the Treasury Department and according to the discretion and judgment of the Secretary of the Treasury. In other words, the places to be selected where construction is to be had out of this $100,000,000 are to be determined by the Secretary of the Treasury, together with the amounts and the kinds of buildings that are to be constructed at these particular places.

Now, there comes up the question of the necessity for buildings throughout the country. We look back and we see that only a small amount of public building has been done within the last 13 years. We find from the hearings, and know generally, that from one end of the country to the other there is great necessity for post-office buildings.

The Committee on Public Buildings and Grounds called upon the Secretary of the Treasury to furnish us revised lists showing exactly where he proposes to place the buildings that are to be constructed out of this $100,000,000, and on the 18th of January, or about two weeks ago, he gave us a list of the places which would probably receive consideration and that would receive construction out of the $100,000,000 item. It is true that the list he furnished us, shown on pages 63 and 64 of the hearings, covers more than $119,000,000 when only $100,000,000 is available. So it is easy to see that about 20 per cent of the number of places he has enumerated will not be taken care of under this bill. Then we began to examine that list and to look over it to see what States are being taken care of.

Mr. ELLIOTT. Will the gentleman yield?

Mr. BUSBY. Yes.

Mr. ELLIOTT. Does the gentleman mean to tell this House that the Treasury Department sent that list to the committee as a tentative list of the places at which they proposed to put these buildings? Was it not, in fact, merely a statement of the places where these things were needed, and did they not in their statement before the committee say that there were lots of other places in the country that perhaps needed them just as badly as these places, and it was put before the committee for the purpose only of showing to the committee that great need existed for public buildings?

Mr. BUSBY. No. The Supervising Architect, on page 62 of the hearings, said:

> If you will be satisfied with the thing put down as the buildings would be reported to-day if we were making up an original list, and not pay any attention to buildings that we will take care of out of our annual appropriation, it will not be difficult to give you a list of that kind; but if we have to make a list accounting for changed conditions, and check in and out and in and out again, it will take some time and it will be difficult for you to understand.

In response to that he gave us this list. Now, I say this again, that $120,000,000, in round numbers, is estimated for in this list, whereas you have but $100,000,000 in the bill, which, on the face of it, shows that the sum provided for in the bill will not take care of the items as submitted.

Now, I examined that list to see what States are absolutely left out of consideration, and I find that nothing is contained in it for Arizona; nothing is contained in it for Colorado; nothing is contained in it for Delaware; for Idaho, for Iowa, for Kansas, for Missouri, for Montana, for Nebraska, for Nevada, for New Mexico, for North Carolina, for North Dakota, for Oklahoma, for Oregon, for South Carolina, for South Dakota, for Vermont, for Washington, or for Wyoming. Not one item is mentioned for any one of those 20 States; but I do find, on the other hand, that 6 States get the major portion of the money. New York is given $21,170,000; Illinois, $15,530,000; California, $10,365,000; Massachusetts, $9,565,000; Pennsylvania, $9,260,000; and Connecticut, $6,530,000. Six States, mind you, get $72,420,000 in estimates out of that $100,000,000.

There are only 82 items provided for in that list of estimates, and when you take the total of $119,650,000 and divide it by your 82 items you find that those buildings cost $1,470,000 each, on the average, showing conclusively that this bill is not proposed for the purpose of taking care of anything but the large centers. That being so, how are you Members who go about your States and your districts preaching against bureaucracy going to explain your vote for the Elliott bill when you go back home? You will in truth be forced to tell them, "I voted for that bill with the warning that there was nothing in it for you, even though your needs for a post office be ever so pressing. I voted to transfer to a Cabinet officer the legislative authority I possessed and which you believed I would exercise when you elected me. I voted for bureaucracy of the rankest kind, for I believed that by allowing a bureau to have the whole affair in its hands it would be able to do better for you than I would, and you, my people, must be satisfied with bureau government and not complain, for it is efficient, and I am not."

I believe in the proposition of Congress exercising the authority that is vested in Congress and the executive department exercising the authority that is properly vested in that department. I am against this kind of legislation. I think we ought to ferret out what we need, even if we have to do it by a commission. It would be our commission if we did not let the Executive reorganize it, but we ought to select our plan and our method and go about it and meet our responsibility face to face.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BUSBY. Yes.

Mr. LAGUARDIA. The gentleman is a member of this committee, and the gentleman knows we have hundreds of bills before us. Is our committee in a position to decide on the relative merits or the relative needs for public buildings throughout the country? Can we do it intelligently?

Mr. BUSBY. I think we can if we go to work on it and go about doing it instead of handing it over to somebody else that has no better judgment about it than we have.

Mr. ALLGOOD. Will the gentleman yield?

Mr. BUSBY. Yes.

Mr. ALLGOOD. Does not the gentleman think that the Congressman familiar with conditions in his individual district is better capable of passing on their needs than some one sitting here in some bureau in Washington?

Mr. BUSBY. I am sure that is the fact.

Mr. LAGUARDIA. Will the gentleman yield further?

Mr. BUSBY. I would like to yield to the gentleman but I have not the time to yield further.

I want to comment on the statement of the gentleman from New York [Mr. MAGEE], who made some comment the other day about my quoting him. When we were having hearings on this bill the gentleman said:

> How do I know that a post-office building should be constructed and what do I know about it? I know, perhaps, something about my own district, but outside of that I know absolutely nothing.

I then asked him this question:

> Do you not think you know the conditions in your own district better than the Treasury Department does?

He answered emphatically, "Yes," although he denied a few days ago that he was a better judge about the matter than the Post Office Department, as will be seen on page 2915 of the RECORD. Here is what the gentleman said a few days before, in regard to what he had been promised out of the Elliott bill, on page 2917 of the RECORD:

> Mr. MAGEE. I want sufficient postal facilities in my district. The Post Office Department is willing to give them. The Treasury Department is willing to give them.

I do not know whether they are willing to give them or not. He ought to know, and I asked him if they were and if they had told him so, and he seemed to take offense because I

asked the question, but it seems to me plain he knew what he was talking about. But whether he did or not, I want to say that this kind of a proposition would afford too much leeway for trading in this fund from a political standpoint. I know that is true. I know you can not take $100,000,000 and do all the construction work that the country needs at the present time, and it is my opinion that the administration favorites will not be left out.

Since 1914, taking that year as a basis, the cost of construction has mounted from 100 to about 210 at the present time. You would get less than 50 per cent of the building that you would have gotten at that time with the same money. The supervising architect stated before the committee that in 1914 they were spending about $15,000,000 a year, and that is the annual allowance provided in this bill.

This bill does not provide sufficient funds. It does not propose to take care of the situation at all. It proposes to take care of about 6 States and leave 20 States absolutely out of consideration, and about 20 other States almost entirely out of consideration. Six or eight States will get the benefits afforded by this bill.

Mr. ALLGOOD. Will the gentleman yield right there?

Mr. BUSBY. I yield.

Mr. ALLGOOD. Has not the President made the statement he will only release $25,000,000 a year under this bill, and therefore this will be a seven-year building program?

Mr. BUSBY. The bill provides that not more than $25,000,000 a year shall be expended, $10,000,000 in the District of Columbia and $15,000,000 outside of the District.

Mr. ALLGOOD. And the big cities will "get theirs" and the small towns will get nothing.

Mr. BUSBY. I am sure that was the opinion of members of the committee and is proven by the list furnished recently by the Treasury Department containing 82 sites, with an average cost of $1,470,000 for each building.

Mr. LAGUARDIA. Oh, not necessarily.

Mr. BUSBY. I have been very kind to the gentleman and have yielded all I can.

I want to call your attention to what Mr. LUCE, a very honorable Member from Massachusetts, had to say, and I think he has very good ground for saying it. In the Evening Star of January 17, 1926, Mr. LUCE states:

> The trend abroad toward absolutism and dictatorship is highly significant, Mr. Luce believes, and even more so is the cry in this country for single leadership.
>
> CITES CASE OF GREECE
>
> "The resort of Greece to a dictatorship adds one more to the serious occasion for doubt as to the future of representative government," he says. "The toppling of thrones that came with the World War seemed for the moment to have ended one-man rule. Many thought we had not only made the world safe for democracy but established it definitely as the universal form of government.
>
> "Since then we have seen Italy, Spain, Greece, and Turkey turn to dictators. Persia has replaced one with another. France hangs on the edge of revolution, with parliamentary institutions at the lowest point of disfavor. Russia is a republic only in name. The election of Von Hindenburg in Germany is expected by many to be but a step toward the return of the Empire. England finds herself with power more than ever nearly concentrated in one man, the Prime Minister. And most significant of all the cry for single leadership was never so loud in the United States."

Then the gentleman goes further and tells how we will likely fall into the same channel at a very early time, and I think we are indicating that all along. I think whenever we come here as representatives of the people and surrender the legislative functions that are properly and by the Constitution lodged in our hands and go back home and confess that we do not know what to do with respect to some of the legislative functions that have been intrusted to us and that have been heretofore exercised intelligently by Congresses before us, we are very nearly confessing the truth stated in this article, that a monarchy is to be desired, at least by portions of our people.

I would not support the propositions contained in this bill regardless of what party was in power. They are vicious, and I think entirely un-American. Consequently, I believe in our doing the work we should do, the work we can do, and the work that Congresses before us have done. The general law is framed on the basis that Congress is to frame building bills. The statutes are built up around that idea and around that theory, and whenever you adopt a lump-sum proposition such as this one, you will tear down the entire structure that has been built up and provided for constructing public buildings. Some one has said we are not doing that. Let us see what the bill provides. On page 3 of the Elliott bill we read:

> That the Secretary of the Treasury is authorized to carry on the construction work herein authorized by contract or otherwise and as is deemed most advantageous to the United States, and in case appropriations for projects are made in part only, to enter into contracts for the completion in full of each of the said items.

Some Members argue that the Budget Bureau and the Committee on Appropriations will have a check on the Secretary of the Treasury. I deny that. Suppose an appropriation is made for a small amount of the entire sum necessary to complete a building and then the Secretary of the Treasury, under this authorization, contracts for the entire amount, perhaps several million dollars. Could the Budget Bureau or the Committee on Appropriations then come along and say, "We will not fullfil that contract made by the Secretary of the Treasury under an authorization of Congress."

Why, certainly not; certainly they could not. Consequently this is a much farther reaching proposition than most gentlemen have taken time to consider it. It goes far beyond the idea than that some one can come in behind this bill and put a check on the operations of the Secretary of the Treasury in placing a building here or a building there, or in doing practically anything else that he wants to do in connection with the building authorized in this particular bill.

On page 11 of the report on the War Department appropriation bill before the House for consideration at present we learn that the total amount provided for and that will be expended in this bill for the Army Air Service for 1927 will be above $35,000,000. I learned from one distinguished gentleman on the Naval Affairs Committee that a like sum will be provided in the Naval Affairs Committee appropriations bill. That makes anywhere from sixty to seventy million dollars for the Air Service under the two bills. Yet we can not provide $15,000,000 a year for public buildings regardless of the fact that during rush times the mail parcels of the United States have to be piled up on vacant lots, hedged about by policemen, until they can be distributed to the addressees. We are not so destitute a Nation but that we can spend from sixty to seventy million dollars a year for aircraft, but we are told we can not spend $15,000,000 to house a permanent business—the United States mails—that has grown immensely within the last few years.

In conclusion, how are you gentlemen from the 20 States mentioned, that have not got a look-in in the Elliott bill, going back to answer to your people? When you tell them that you voted for this monstrosity in which they have not a chance, what will they tell you? What are you going to tell the Rotary Club and other clubs before which you speak long and loud against bureaucracy when you have turned over to the executive department and its bureaus this $100,000,000 fund to be used? Oh, yes, we are all against bureaucracy when making a campaign, but we line up behind some one else's proposition without asking the whys and the wherefores whenever it comes to doing things that some one else points out and says is good. [Applause.]

Some one may tell you that this is not passing over to the executive department the functions that you have formerly been exercising in Congress. On page 76 of the hearings on the bill the Supervising Architect of the Treasury was asked about this question, and his answer:

> Mr. BUSBY. If this bill becomes law, the Committee on Public Buildings and Grounds will practically be delegating all of its authority, and Congress as well will be delegating its authority, to the Secretary of the Treasury, in so far as relates to post-office buildings, except the little limit suggested with regard to the Postmaster General in advising as to post-office buildings; and the only limit there will be a question for the Budget Committee and the Appropriations Committee in furnishing funds; is not that true?
>
> Mr. WETMORE. Unless the Appropriations Committee would send the list to the Committee on Public Buildings and Grounds for their views. I do not know whether they would do that or not.
>
> Mr. BUSBY. My statement recites the fact, leaving out that possibility?
>
> Mr. WETMORE. Yes; it places in an executive department, or in two executive departments, the very authority that has heretofore been exercised by this committee.
>
> Mr. BUSBY. And by Congress as well?
>
> Mr. WETMORE. Yes.

The executive department is called on not to execute provisions of legislation, but to initiate, devise, and affirmatively to exercise delegated legislative functions under this bill before it can begin to execute the provisions of it. To this we are unalterably opposed.

Third. It is clear from the provisions of this bill and from the hearings that no attempt will be made to distribute fairly

or equitably to the needs of the entire country the funds proposed to be appropriated.

So I suggest, gentlemen, that if you want to retain your legislative functions you ought to vote against the Elliott bill and keep those functions while you have them. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. BARBOUR. Mr. Chairman, I yield five minutes to the gentleman from Illinois [Mr. DENISON].

Mr. DENISON. Mr. Chairman and gentleman, I have asked for five minutes to call attention of the House to the fact that to-day is the one hundredth anniversary of the birth of Gen. John A. Logan. One hundred years ago to-day, on a farm in southern Illinois, near the site of the present city of Murphysboro, Gen. John A. Logan was born.

I do not have the time now, of course, to discuss his life at length, but I merely want to say this, briefly. The first 20 years of his life were spent amidst surroundings such as were common to pioneer life on a farm in the West in those early days. In 1846, when the Mexican War broke out, he was a boy 20 years of age. He volunteered, went to Mexico, and there distinguished himself for bravery and leadership. After the close of the war he returned home, studied law, and practiced his profession in southern Illinois, and soon distinguished himself as a member of the bar of that State. He was elected circuit attorney and became one of the noted criminal lawyers of our State. He then was elected to the State Legislature of Illinois, where he served with distinction, and was afterwards elected to Congress, where he served two terms as the Representative from the district which I now have the honor to represent. He was serving in Congress as one of its most prominent and forceful Members when the Civil War came on.

He resigned from this body, organized his regiment in southern Illinois, and his career as a soldier and military officer is well known, I am sure, to all the Members of the House.

I believe that history recognizes that General Logan was one of the world's greatest volunteer military commanders. He was a natural leader of men, and his career as a general in the Civil War is unequaled by that of any other volunteer officer who ever went into war from civilian life. After the war he was elected to the United States Senate from the State of Illinois and served in the Senate with great distinction throughout his entire public career. General Logan was conspicuous for his courage of convictions and his intense devotion to the Constitution and the high ideals of the fathers who gave the Constitution to the country.

General Logan was one of our country's most eloquent speakers; he was one of our country's greatest statesmen; and he was one of the world's greatest military leaders. He was afterwards nominated for Vice President of the United States, and, if he had lived, I firmly believe he would have been the next choice of his party and of the country for President of the United States. He died in Washington at the age of 62 years, when he was in the height of his power and usefulness.

On the 5th of May, 1868, he was commander in chief of the Grand Army of the Republic, and as such commander in chief issued what is known as General Order, No. 11, in which he designated the 30th day of May of each year as a day on which to decorate the graves of the soldiers, as Memorial Day. Since that time the 30th day of May has come to be known as National Memorial Day.

I am to-day introducing, on the one hundredth anniversary of his birth, a resolution authorizing the Secretary of War to accept from the commander in chief of the Grand Army of the Republic a memorial tablet of suitable material, design, and inscription, to be placed in the Memorial Amphitheater in Arlington Cemetery, to commemorate the issuance of that order of General Logan which resulted in the designation of the 30th day of May of each year as National Memorial Day. I hope the resolution may have the unanimous approval of the House as early as possible. [Applause.]

Mr. HARRISON. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. SANDERS].

Mr. SANDERS of Texas. Mr. Chairman, since I have been a Member of Congress much has been said by leaders and near leaders on both sides of this aisle about party government, all of the speakers emphasizing what they conceived to be the government of the people by a majority party charged with responsibility. I remember that in the Sixty-seventh Congress the distinguished gentleman from Illinois [Mr. MADDEN] made the statement that in that Congress legislation would be directed and controlled by Members of Congress living north of the Ohio and east of the Mississippi Rivers. During the present session of Congress talk of party government and party responsibility has often been referred to, and recently the Hon. JOHN Q. TILSON, floor leader of the Republican Party, and the Hon. FINIS J. GARRETT, floor leader of the Democratic Party, in radio addresses discussed party control and responsibility in legislation. In his address the Republican floor leader denounced the bloc system, and so did the Speaker of the House when he was elected Speaker at this session of Congress. Therefore, speaking from this seemingly agreed standpoint, let us see how faithfully the Republican Party has lived up to its responsibility in regard to farm legislation. In the Sixty-seventh Congress the Republican Party had 302 Members in the House, the Democratic Party had 132 Members, and the Socialist Party had 1. The Republican Party also had a majority in the Senate, and no one questioned the stalwart republicanism of the President, Mr. Harding. In 1920 these Republican officials were elected by an overwhelming majority, and they assumed the reins of government drunk with power. They had been out of power for practically eight years. The Republican platform of 1920 contains 41 lines of fine type devoted to agriculture, in which was embodied their promise to the American farmer.

That platform startled us with the new information—

that the farmer is the backbone of the Nation.

They made that announcement as though it was a new and strange doctrine, overlooking the fact that King Solomon said:

He that tilleth his land shall have plenty of bread. (Proverbs xxviii, 17.)

But if they had never heard of this saying of King Solomon, who was the world's wisest man—bearing in mind that he died before President Coolidge was born—surely they had heard of Daniel Webster, who said:

Let us never forget that the cultivation of the earth is the most important labor of man. Unstable is the future of a country that has lost its taste for agriculture. If there is one lesson of history which is unmistakable, it is that national strength lies very near the soil.

This platform of 1920 further stated:

National greatness and economic independence demand a population between industry and the farmer and sharing on equal terms the prosperity which is wholly dependent upon the efforts of both. Neither can prosper at the expense of the other without inviting joint disaster.

This platform of 1920 also contained promises to the farmer. Now, they had the power in the Sixty-seventh Congress and also in the Sixty-eighth Congress to redeem their platform pledges, but they failed entirely. Not only did they fail to enact legislation beneficial to the farmer, but in the passage of the Fordney-McCumber tariff law they placed upon the American farmer additional burdens by taxing practically everything that he has to buy, and in the year 1921, the year President Harding convened Congress in special session, more than a hundred thousand people left the farm under the beneficent influence of a Republican administration. That the prosperity of the Nation is dependent upon the prosperity of the farmers was conclusively shown in the fearful fall of prices in 1920 and 1921 of farm products and the enforced liquidation of the farmers' debts. The corn farmer continued to burn his corn for fuel, and the cotton farmer found himself "dead broke," and in the condition of the Russian peasant who said, "Heaven is so high and the Czar so far away." In their platform of 1920 they promised the farmers "a scientific study of agricultural prices and farm production," and yet with six years of "scientific study" no "scientific" Republican has been able to write a "scientific" law which would afford relief to the oppressed, tax-burdened farmer, and not even President Coolidge has been able to roll away the stone and call the poor farmer forth.

They advocated cooperative marketing in their platform of 1920 and after six years of weary waiting, on January 25, 1926 A. D., they called up their "scientific" cooperative marketing bill. At that time the chairman of the Agricultural Committee, Mr. HAUGEN, of Iowa, arose from his proper place from the floor of this House to explain the intricate and complex provisions of that bill produced after six years of "scientific study" and in reply to a question propounded by the gentleman from Arkansas [Mr. WINGO] admitted that the bill only authorized two things not already authorized in existing law—

one to change the name of the present machinery, and the other to increase the per diem allowance on travel and subsistence.

At that time the chairman of the Agricultural Committee, Mr. HAUGEN, of Iowa, also stated in reply to a question from the gentleman from Alabama [Mr. BANKHEAD] that—

that bill was not for the purpose of relieving the present distress in agricultural conditions.

The most optimistic Members of the House could hardly see enough virtue in their "scientific" cooperative marketing bill to vote for it, or enough vice in it to vote against it. We were all like the man who was sentenced to be hanged. But before the execution of the sentence the legislature passed a law providing that all parties sentenced to be hanged could be electrocuted if they desired. When the jailer imparted this information to the condemned man, he scratched his head and said that he could not get very enthusiastic over either proposition.

By reason of failures and delinquencies of the Republican Party in respect to farm legislation, two years ago their majority in the House was considerably reduced, and therefore in their platform of 1924 they went a little stronger for the farmer; they gave him more promises and devoted 89 lines of fine print in their platform to the American farmer as against their 41 lines in their platform of 1920. In their platform of 1924 they virtually admitted that they did not know what to do for the farmer in 1920. This is shown by the following paragraph from the platform of 1924:

In dealing with agriculture the Republican Party recognizes that we are faced with a fundamental national problem, and that the prosperity and welfare of the Nation as a whole is dependent upon the prosperity and welfare of our agricultural population.

Therefore you see they have just now in 1924 discovered that they are "dealing with a fundamental national problem." Discovering in 1924 that the farmers' problem is "fundamental and national," the chairman of the Agricultural Committee, Mr. HAUGEN, of Iowa, stated on this floor while the House had under consideration the cooperative marketing bill that they had no bill ready for the relief of the present agricultural conditions. No party and no administration in the history of this Government has ever proved so inefficient and powerless to function. Listen again to their platform of 1924:

We recognize that agricultural activities are still struggling with adverse conditions that have brought deep distress.

And yet they have done nothing to remedy it. They boast of having passed the Smith-Hoch resolution in the last session of Congress, but yet the Interstate Commerce Commission has simply held hearings without giving any relief in freight rates on agricultural products. Just as we had the coal strike more than a year ago, a commission was appointed to investigate it, and the commission made its report after everybody had been given an opportunity to freeze to death and after the winter had passed and spring had been ushered in. That information might afford them an opportunity to deal with the coal situation now if they so desired.

Mr. BOYLAN. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Texas. Yes.

Mr. BOYLAN. Does the gentleman know that the people are still freezing and that nothing has been done, and that another year has passed?

Mr. SANDERS of Texas. I know that, and I want to say now that this information which they collated one year ago might be used to advantage by the administration if it desired to do so; in fact, when they had that commission appointed a statement was made in the Senate by Senator BORAH that they had already secured 80 per cent of the information desired at that time.

I predict now that this Republican administration will not do anything for the farmer. If you will read the message which the President sent to this Congress, you will find that the only agricultural legislation he referred to was evidently the cooperative marketing bill passed a few days ago. We all know that he and his Secretary of Agriculture are not in agreement on farm legislation, if the newspapers can be believed. Last summer the Secretary of Agriculture made a tour of the country, and on July 23, 1925, he was quoted in the Dallas News, of Dallas, Tex., as saying:

That the farmer must rely upon his own efforts rather than upon governmental help with his problems.

In the Dallas News, of Dallas, Tex., on August 7, 1925, Senator WATSON, of Indiana, is quoted as follows:

Consolidation of the railroads into a few great systems will be sought by the administration as a means of aiding agriculture, which asks lower freight rates and helping the railroads at the same time.

Now, that is Farmer WATSON'S agricultural program, and the dispatch referred to indicated that it had the approval of the President. So there you are. Representing an agricultural district, as I do, and coming from the farm, as I did, and knowing the conditions of the farmers not only in my district but throughout the Nation, and further knowing the inefficiency and the inability of this administration to do anything for the relief of agricultural conditions, I can only say:

Lead kindly light, amid the encircling gloom,
Lead thou me on.
Keep thou my feet; I do not ask to see
The distant scene; one step enough for me.

[Applause on the Democratic side.]

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Texas. Yes.

Mr. ALLGOOD. Is it not a fact, as the gentleman states, that party responsibility is such that the country is depending on party responsibility to-day?

Mr. SANDERS of Texas. Yes.

Mr. ALLGOOD. And is it not a fact that all bills brought into this Congress come from committees the majority of the membership of which at this time is Republican, and that only bills introduced by Republicans are reported to Congress?

Mr. SANDERS of Texas. Yes.

Mr. ALLGOOD. And if any relief comes, it will be from that source?

Mr. SANDERS of Texas. Yes.

Mr. ALLGOOD. In other words, what I want to get at is that a Democrat can not get a bill reported favorably from the present committees.

Mr. SANDERS of Texas. That is true, and I say further that my observation has been since I have been in Congress and have seen how rife politics are—and since I have been here the Democratic Party has been in the minority—I have frequently heard gentlemen on the Republican side ask about what is really proposed when some Democrat offers some legislation. The truth about the matter is, just as the gentleman from Alabama states, the majority of these committees that report legislation is composed of Republicans—and when legislation is proposed by Democrats, ninety-nine times out of one hundred the Republicans think they are laying some trap for them, and they shy around it like a mule would shy around a show tent.

These are the matters to which I rose to call attention. I have heard this talk about party responsibility and I have looked up the platforms, and if the farmers of the country do not get any relief through legislation in this Congress, the blame will be laid at the feet of the members of the Republican Party. [Applause on the Democratic side.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BARBOUR. Mr. Chairman, I now yield to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Chairman, during last summer it was my privilege to have had an opportunity of making an extended trip throughout the Philippines. On this trip I visited all of the principal islands, 20 out of the 49 provinces, and traveled over 3,000 miles throughout the archipelago. I therefore think I had an exceedingly fine opportunity for studying conditions at first hand and of receiving information about our various problems there on the spot.

Later on during the session I hope to have an opportunity of discussing fully and in detail the different problems, economic and political, that are pressing for solution in this far eastern territory of ours. At this time, however, I merely wish to express briefly my admiration of the splendid work that is being carried on by our Governor General, Leonard Wood. His administration of our island territory is characterized by infinite patience and great tact, coupled with firmness. He has shown great kindliness, sympathy, and human understanding toward these island people. At the same time his fine grasp of America's obligations, responsibilities, and prestige in the Far East must excite the admiration of all.

It would be hard to find anyone who could have accomplished so much and in such a short time as General Wood has done. The best interests of the Philippine people are safe in his hands. He is their best adviser and most sympathetic friend.

General Wood is deserving of the gratitude of both America and the Philippines. He has dedicated the few active remaining years of his life to a great work. Few appreciate the sacrifices he has made in isolating himself from his home, friends, and country. For five years he has given unstintedly of the best that is in him, without a vacation and in a tropical climate. All who have come in contact with him have marveled at his patience, his endurance, and his high sense of duty. [Applause.]

The following authorized interview with General Wood contains the views of that great American, who is our present Governor General, on the subject of our problems in the Philippine Territory. This statement, in a concise way, touches the

most important phases of our policies in these islands and in the Far East:

INTERVIEW WITH MAJ. GEN. LEONARD WOOD, GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS, BY EDWARD PRICE BELL, OF THE CHICAGO DAILY NEWS

Maj. Gen. Leonard Wood, Governor General of the Philippine Islands, is probably without a rival, Caucasian or non-Caucasian, in his knowledge of the archipelago and the people for which he has supreme immediate responsibility. Certainly General Wood is America's greatest authority on the Philippine question—one of the most peculiar, important, and difficult questions that ever have preoccupied American statesmanship.

General Wood came to know the Philippines as a result of prolonged first-hand study. This study has been unremittent for more than 20 years. Arriving in the islands in 1903, after his distinguished services in Cuba as military governor of Santiago and as Governor General, he was appointed governor of the Moro province, comprising the southern islands and Mindanao, populated principally by Moros and pagans, in all some 18 tribes. General Wood was not only head of the civil government, with a legislative council, responsible for five districts, but commanding general of the troops in the department of Mindanao and Sulu.

For three years, in the capacities named, General Wood was constantly among the people, frequently visiting every tribe and settlement, and then he became military commander of the Philippine division, with headquarters in Manila, whence he continued his diligent investigations. Following this work, he studied the Philippines as chairman of the special mission of investigation, together with W. Cameron Forbes and a staff of experts, in 1921. This investigation lasted four months and covered 48 of the 49 provinces into which the islands are divided. It was a systematic and thorough investigation of all phases of Philippine conditions—geographic, climatic, natural, human, and governmental.

Out of these painstaking inquiries, reaching into 449 cities and towns and involving 11 weeks' travel by sea, rail, motor car, and horse, sprang the great classic on the Philippines—the Wood-Forbes report to the Harding administration. In this report are embodied the fundamentals of the Philippine problem. It is full of illumination to the historical and philosophical mind. Its discoveries and conclusions were the priceless possession of General Wood when he came to the Philippines as the chief officer of the sovereign power, and his knowledge of the islands and the islanders has been ripened and extended by four years of further traveling and of arduous administrative experience.

General Wood, gray, ruddy, sturdy, dignified, received me in the Governor General's private office, Malacanang palace, Manila. He sat in a wide, tall, dark-hardwood chair, with bottom and back of cane, and talked rapidly in a low voice. His voice was so low that now and again I had difficulty in catching every word. For the most part the veteran soldier and administrator wore a look of seriousness, if not severity, but two or three times during the conversation his features relaxed, he smiled, and there was an extremely pleasant look in his blue eyes. He has character. He has magnetism. He has brains. He is not only a military man, he is a thinker and a statesman.

"What do all your inquiries, experience, and thought tell you we ought to do about the Philippines?" I asked the Governor General.

"That we ought to see our great enterprise through," he replied.

"That ought to stay here indefinitely?"

"Indefinitely."

"Why?"

"Because the work we set out to do is only begun. How long it will take no one can say. If we withdraw now, all we have done would be undone, our investment of blood and treasure would be wasted, 25 years of idealistic labor would be thrown away, the Filipino people would be heartlessly betrayed, and we should do a criminal disservice to the stability and the highest interests of the world."

"You believe the Filipinos to be potentially capable of self-government?"

"Potentially, yes. But to translate this potentiality into an actuality will take a long time—somewhere, perhaps, between a half and a full century. It is a matter of rearing and educating occidentally enough Filipinos to govern the country. There are far from enough now. Young educated people are still a small proportion of the population. We need more schools and teachers and a great extension of the English language, which alone can serve as a medium of psychological consolidation among peoples dispersed over thousands of islands and divided by 87 different dialects."

"What are some of the evidences of latent Filipino capacity?"

"These people are property-loving and law-abiding. They are sympathetic, intelligent, hospitable, and neighborly. Their keenness for education is unsurpassed. Parents are willing to make almost any sacrifice to keep their children in school. Filipino teachers are zealous and hard-working. Intellectual activity is apparent in all directions. Political affairs receive more and more popular attention, and there is a growing interest in public health and public works. Assimilability to western ideals is marked. Aptitude for politics and a desire to participate in government are conspicuous Filipino qualities.

"But all these things in the Philippines are merely tokens of what can be—not what is—in the way of capacity for self-government. Intellectualism is not a sufficient qualification for the tasks of statecraft and administration. Intellectualism, indeed, may be an evil rather than a good. It is an evil if, as in the Philippines, it tend to run ahead of the more substantial virtues of character. Before you have a government you must have a country to govern; you must have agriculture, industry, commerce, and finance. You must have credit. Too many educated Filipino minds are dazzled by political and professional ambition, too few attracted by the harder and more important tasks of maintaining a civilized society.

"That the Filipinos have undeveloped gifts for government has been proved by American experience in the islands. Our earlier efforts here were well conceived and skillfully executed. They bore excellent fruit. We were making splendid progress. Our Filipino pupils in the theory and practice of democracy, responding eagerly to the experience, ideals, methods, and authority of the Americans, acquired discipline, efficiency, thoroughness, a high sense of responsibility. Then injudicious idealism entered. A great folly was committed. Excessive and too rapid Filipinization from 1914 to 1921 eliminated American experience and installed Filipino inexperience to such an extent that there was an all-round retrogression—legislative, executive, judicial, and in the Philippine Constabulary.

"We must return to our old slow but sure method; short cuts are alluring but perilous. I do not mean that the system inaugurated by the Jones law—the system of house and senate and sovereign executive—must be abandoned. It probably should be somewhat modified, and it certainly should be made to work. It did not work during the period of our backsliding in the Philippines. There was not a strict performance of the duties of the Governor General under the law. There was too much surrendering of executive authority, combined with too much legislative usurpation, interference of political leaders in the general supervision and control of departments and bureaus, and the infection of the civil service with politics. Disastrous socialistic experiments were made and the Philippine National Bank lost $35,000,000, one of the darkest pages in Philippine history. It has been my work, with the unmistakable good will of the people, of everyone but a few leaders, to restore the authority of the Governor General under the law."

"What do you think would be the immediate result of our leaving?"

"Strife, disorder, bloodshed. They might not come instantly, but they would come soon. Moros, whom we have disarmed and who want us to stay and protect them, and Christian Filipinos would fight. Industry, trade, and credit would be ruined, with the inevitable concomitants of idleness, hunger, and anarchy. We should look back upon the plight of these 12,000,000 people, who never have known what it meant to defend or sustain themselves, who never have known any freedom except what our flag gave them; we should look back upon their plight with national sorrow, pity, and shame. Japanese would come in, not necessarily as an army, but with their vigorous business methods, and Chinese would swarm hither for all sorts of pursuits. As I have said to Filipino friends, 'Chinese would hold your valleys; you fellows would be sitting on the hilltops.'"

"Would that be all?"

"No; that would not be all. We should unsettle the Pacific and the Far East. We should create a situation replete with sinister possibilities. Political impotence, social disorganization, and intertribal conflicts in the Philippines would not be allowed to continue for a great while. Civilized strength from one quarter or another would move toward this vortex of trouble and suffering, and such a movement might precipitate the worst consequences. In any event, the hope of Philippine independence would be dashed for ages, if not for all time. Filipino leaders should be able to see these dangers, but they see only a vision of personal power; they are insensate to encompassing realities; they are bent upon gambling with the fate of their own people and with the peace of the Pacific. Conceivably this peace might not be broken, but the risk is there; and if there were no other consideration in the matter that risk would impose upon America a sacred obligation to hold the Philippines until it is reasonably sure that all such peril is past."

"Our presence here in existing conditions is needed on the side of the Occident?"

"It is needed on the side of both the Occident and the Orient. Equilibrium between them promises stability; disequilibrium threatens instability. Our position in the Philippines does not give the Occident overweening strength in the Pacific. It in no sense jeopardizes either the peace or the peaceful trading rights of any power. We are here with the loftiest ideals, not only toward the Filipinos, but toward all our Asiatic neighbors. We want to live on terms of amity and equality with them all. We stand for the open door. We stand for a solution of every industrial and commercial, as well as every political, question on a basis of reason and justice and not of force. We have earned, we have paid for our right to carry our experiment in the Philippines to

full fruition, and meanwhile the possession of this archipelago reinforces our diplomacy touching all international matters in the Orient, among them the principles of the Washington treaties and the open door.

"We can not think of this Philippine question," said General Wood with intensified earnestness, "without thinking of civilization in the Pacific. Filipinos as to all but a tenth of the population are Christians. Christianity's humanizing influence shows in their faces and is recorded in their steady moral advance. Paganism and non-Christianity can be broken down only by the impact of spiritual and cultural influences, and these will be projected from the base of a highly developed Christian Philippines as they can not be projected from the distant bases of America and Europe.

"America in the Philippines, in other words, insures the effective deployment of Christianity for the regeneration of the world. These are solemn obligations and great opportunities. We can be false to them only at the cost of treason to that faith which we believe to be essential to the highest human development. Let us go out of the Philippines only when we can leave the torch of that faith in strong hands. If we and those who believe as we believe can Christianize the world, in the full psychic and ethical sense of that phrase, we shall rid it of injustice, of human degradation, of social clevage and conflict, and of international slaughter. I attach immense importance to developing the Philippines as Christianity's great peaceful outpost in the Pacific."

"You have every respect for the sentiment of nationality?"

"I have every respect for the sentiment of nationality. But the possession of sovereign national status can be a blessing to a people only when it means national security; when it means sagacity and restraint in foreign affairs; when it means political and economic competence; when it means established law and order; when it means sanitation, education, social justice, personal and religious liberty. National development of this order can rest upon nothing but the development of the individual citizen. Every society stands or falls according to the presence or absence of ability, perseverance, and self-command in its individual members. No society can be made or preserved by a group of politicians, nor by a group or groups of politicians, however notable their intellectual dexterity. Our task in the Philippines is to bring up the general level of education and efficiency to a point where the individual citizens of competence are sufficiently numerous to support a stable structure of government, of social relations, and of industrial and commercial prosperity. There is no such general level of education and efficiency now. Filipinos, despite their human charm and their many encouraging moral and mental endowments, are generally unoriginal, noninitiatory, nonconstructive, and dilettante. They are too childlike, too feeble, for the heavy burdens of statehood."

"What will you say of the claim that Filipino progress to the highest extent is impossible without liberty?"

"I will say that the Filipinos, in their present backward condition, have under our flag the only liberty they can hope to enjoy. Their leaders are ready to give up the substance of liberty in a wild grasp for its shadow; they are ready to lead their people into disaster. Lord Northcliffe was right when he told the Filipinos they had more liberty than any other people in the world—shielded from external and internal molestation, lowly taxed, surrounded by the safeguards and ministrations of science, blessed with churches and schools and communications, left entirely free to use their hands or brains as best they can, launched on an even keel on the main stream of modern progress.

"They talk about liberty. Why, America is the mother of liberty, as the term is understood in the world to-day. It is precisely because we love liberty that we are disinclined to leave these islands prematurely and permit them to relapse into slavery. We came into the Philippines not to take away, but to give liberty. We can not accomplish our task by scuttling. Filipinos can have liberty only if they accept it from the Americans in the form of that comprehensive culture and discipline, those moral, intellectual, and civic virtues, which alone make liberty possible. I note a Filipino leader's remark that, while his people are grateful to America for what she has done here, they can not pay their debt of gratitude in the currency of independence. We are not asking for gratitude. We are not working for gratitude. Our aims are not so low as that. Our aims are to found a strong, free, Christian nation in the west Pacific for the sake of that nation, ourselves, and our fellowmen in general."

"If the Philippines were near our shores, would your attitude be different?"

"In that case I should say, 'Let them try it.' We could take the risk then. But they are too far away. Once we leave these islands we are gone for good. We shall not come back. And there are no more Perry or Dewey opportunities contiguous to the eastern coastline of Asia."

"Is it true that free speech is suppressed in the Philippines by fear of the leaders of the independence movement?"

"To a very considerable extent that undoubtedly is true. Nonpolitical Filipinos of education and understanding must be courageous, indeed, if they voice the opinion they actually hold, namely, that it is better for the country as a whole that America should remain as she is for an indefinite time. Surely any thinking person can realize that this naturally would be so. Persons against immediate independence are denounced as traitors—not openly, perhaps, but none the less effectually, for most of the intelligence circulating in the Philippines circulates by word of mouth. Ignorance is widespread among the masses. They are for independence when energetically stimulated on the subject by the leaders, for they have not the slightest conception of its practical significance. Can you believe it would be healthy for the Filipino champion of deferred independence to fall among ignorant compatriots to whom he had been described as a traitor?

"Get firmly in mind the fact that there are three classes in this drama of Philippine agitation respecting independence. There is the small political class hungry for the loaves and fishes, the enlightened class (larger than the first, but not large enough for prevalence), interested only in the welfare of the people, and the uninstructed bulk of the population. Patriotic and useful public opinion belongs in the main to the second of these classes. It is this public opinion which is suppressed by fear of the leaders—fear of them as instigators of the ignorant majority against anyone who counsels prudence and delay in the matter of independence. Relief for this unfortunate situation can be had, of course, only in widening the circle of unselfish public opinion—only in educating the majority. When observers inquire why it is, if the Filipinos do not want immediate independence, that they elect the champions of immediate independence, the reply is that the ignorant portion of the electorate is misled by self-seeking politicians."

"And do you think the Filipinos should have what is bad for them, even if the majority wants it?"

"I do not. They are not entitled to have what is bad for them, even though they want it, for what is bad for them is bad for a lot of other people who do not want it. It is intolerable that an uneducated electorate, harangued by political aspirants to power and emolument, should frustrate America's long, laborious, and expensive struggle to build a firmly based Christian state in the Philippines, and also should jar the delicate interracial and international balance in the Pacific inimically to the cause of world peace."

"Would the masses be satisfied if they were left alone by their leaders?"

"Perfectly. There is not a more satisfied or happier people in the world. I go among them continually and everywhere am received with the greatest courtesy and hospitality. I have just returned from a voyage of 3,000 miles among the scattered islands. I visited some 50 centers of life and motored extensively in the rural regions. I carried no arms. Not a weapon of any kind was needed in my party. Cordial popular welcomes greeted me at every turn. Illiterate though vast numbers of these people are, they know enough to know they never before were so well off in every moral and material way as they are now."

"What is the percentage of illiteracy in the islands?"

"About 37 per cent would be a liberal estimate."

"Manual Roxas, speaker of the Philippine house, stated before a congressional committee in Washington that it was over 60 per cent."

"Yes; he made that misstatement and others. His statistics were all wrong. He compared dialectic differences in the Philippines to the slight differences of this kind in the United States. That is ridiculous. They are here 87 distinct dialects, many of them as unlike as are the modern Latin languages, and some of them differing as radically as do English and German. English is the only hope of a national medium of communication in the Philippines.

"Let me briefly illustrate further how unreliable were the statements of Roxas in Washington. He asserted that during the administration of Governor General Harrison, when that officer, according to Roxas, abdicated his military duties under the law and left the constabulary in the Moros region to unrestricted Filipino command—a period of seven years—there was not a single killing in that region. As a fact, during that period the records show 124 conflicts between the constabulary and the Moros, 499 Moros dead, 22 constabulary soldiers dead, one officer dead, and many wounded on both sides.

"Nor is this the whole story of that 'peaceful' reign. In the same region Bogobes killed 50 Japanese over land troubles. It was during the time in question that occurred the most serious breach of public order since the foundation of the civil government. That breach consisted in a fight between the constabulary and the police of Manila. As a result of that clash a number of both combatants and of innocent citizens were killed and many of the constabulary were sentenced to death and to life imprisonment. Furthermore, the assertions of Roxas in commendation of the health service were untrustworthy. During the time under review cholera in the Philippines destroyed 17,000 and smallpox 73,000 lives. We are now free from all sorts of epidemics. In the statistics and in their affirmation Filipino politicians want checking up."

"What would be your concluding word of counsel to Filipino politicians and to the Filipino intelligentsia in general?"

"I should counsel them at once, and without reservation, to drop the idea of immediate independence and dedicate themselves wholeheartedly to cooperation with the Americans in creating a Filipino citizenship capable of orderly, just, progressive, prosperous, and self-defensive democratic rule. For such cooperation the road lies wide, smooth, and open. Petty Filipino politics should be cut out as a cancerous growth. Deliberate annoyance of the representatives of the sovereign power should cease. Abortive extralegalism, abortive but pernicious, should be abandoned. There should be no pettifogging opposition to the clear authority of the governor general, whoever he may be, under the organic law. If the Philippine legislature and the governor general disagree, and if their disagreement reach a deadlock, then the President of the United States should decide. My advice to the educated Filipinos would be frankly to accept all these conditions and to change their appeal to the people from a call to illusory independence to a call to that moral and mental advance which is the sine qua non of real independence."

MANILA, *July 12, 1925.*

Mr. ANTHONY. Can the gentleman from Virginia use some time?

Mr. HARRISON. I yield five minutes to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD. Mr. Chairman and gentlemen of the committee, I introduced to-day a bill to provide that post-office buildings may be built in cities with $5,000 annual postal receipts or more. The present law provides that no post-office building shall be built in a city of less than $10,000 postal receipts annually. I object very much to the authority to locate and construct post offices being passed on from Congress to the Secretary of the Treasury and to the Postmaster General, but if that bill should pass then I think it would be proper to allow the Postmaster General and Secretary of the Treasury to determine whether or not they will build post-office buildings in smaller cities. It occurs to me, gentlemen of the committee, that it would not be a bad proposition for this Government to begin a program of building standard post-office buildings, not too expensive, in the smaller cities and build buildings which could be added to as the post office demands in that particular city increase—that is, build a building in proportion to the postal receipts in these smaller cities and then add to it as the need occurs.

Mr. WHITE of Kansas. Will the gentleman yield?

Mr. LANKFORD. Gladly.

Mr. WHITE of Kansas. Can the gentleman furnish any information to the committee as to how many post offices the Government might be required to build in a period of years in cities having more than $5,000 postal receipts?

Mr. LANKFORD. I have not the information on that. I anticipate if this bill should pass, of course Congress or the authority which has the right to investigate and locate these buildings would not enter on a program which would be too large and that would not be fair and just to the country.

Mr. WHITE of Kansas. Can the gentleman inform the committee as to whether it would cost more to maintain a public building in a city such as the gentleman mentions as a minimum city rather than to rent a building and have heat and light furnished?

Mr. LANKFORD. I am not sure about that. It may cost the Government a little more to maintain a small building in a small city. Also, it would probably cost more to build and maintain a building in a $10,000 postal-receipt city than simply to rent. The argument which applies to a large post-office building in larger cities applies to a post-office building in smaller cities.

Mr. WHITE of Kansas. The gentleman knows—it does not enter into the discussion necessarily—that a very large number of cities in the United States have a revenue which makes them second-class post offices, yet I do not see any prospect of getting a building——

Mr. LANKFORD. I am trying to remedy that identical situation by the bill which I have just introduced.

It will be seen that the purpose of my bill is to provide that post-office buildings may be constructed in the smaller cities of the country, keeping in view at all times the present postal receipts, and providing for a building in proportion thereto, which can be added to as the growth of the city requires.

A real economy can be effected by buying land for building purposes in the smaller cities before the land advances in price, and then again all the arguments in favor of buildings in the large cities applies to the smaller cities, especially if the buildings are standardized and constructed so as to be easily enlarged.

It is urged that the United States can not afford to enter upon an extensive building program at this time. Why not? Billions of dollars are to be spent for buildings and improvements in the large cities. Why not a reasonable amount be spent for needed improvements in the smaller cities? Congress appropriates and gives with a lavish hand until aid is sought for a small city or for the people of a rural community.

Attention is called to the proposed Italian debt settlement, in which practically the entire interest is canceled. Well, the interest which is thus donated to the people of a foreign country, if collected and calculated at 6 per cent per annum, would raise sufficient funds to build in every congressional district in the Nation one $50,000 post-office building every two months, or one $25,000 building every month.

If real economy was being practiced, I would not complain. The trouble is our money is being wasted by the billions; then why not use some of it for the small, growing cities and their folks? I do not want to be misunderstood. I very earnestly oppose any effort that may be made to transfer to the Secretary of the Treasury and the Postmaster General the right to legislate as to the selection of sites and as to the construction of post-office buildings. This right should be exercised by Congress, as it is purely a legislative function and should be exercised by the Representatives of the people as contemplated by our forefathers under the Constitution.

But it is urged that the Postmaster General and the Secretary of the Treasury know more about what is needed in the various districts than do the Members of Congress. I have heretofore pointed out that these officials can not go to each district and settle these questions and that necessarily the selection of sites and the determination of the building to be built will have to be left to some one other than these Cabinet members. Then, again, no one can successfully urge that some one acting for some bureau knows more about the respective wants and rights of each district than does the particular Member from the district. The Member is in close touch with his people and, above all else, is the choice of his people to manage their legislative affairs in a national way and in return is responsible to his people for his legislative conduct.

Too many people here in Washington are managing the affairs, rights, and properties of people whom they never saw and with whom they are not in sympathy and to whom they are in no way responsible.

I repeat what I have said on this floor before when I say that people here in Washington—who do not know my people, do not appreciate their traditions and history, and who really hate my people—hold in the hollow of their hands the liberties, lives, and destinies of my folks. Such is not at all right, and I most bitterly and solemnly protest against passing any further rights onto bureaus.

Some say that the day of the pork barrel is gone. The thing that puzzles me is why an appropriation for the smaller towns and cities is always branded as wrong and is styled "pork," while large appropriations for every blessed thing imaginable for the large cities is called thoroughly proper and is classed as a leading feature in an economy program.

When everybody shares and when each district gets some needed improvement it is claimed to be all wrong and is styled "pork," and when only a few of the more favored large cities and individuals come in for a large share it is termed "fine business" and is classed as efficiency.

If we are to have pork, let us have decent pork on the table in broad-open daylight, with everyone invited to come in and participate and not have spoils, under the table at night time with no one seeming to know who are to be the invited guests.

But let us get back to the question of what the Postmaster General and Secretary of the Treasury knows about the needs of each district. They say these Cabinet officials, or rather some appointee under them, should settle these questions because they know best what should be done.

Oh, how weak this argument is from every standpoint. Let us look at the present way of doing this thing: Now, a bill when introduced is referred to the department interested in the bill, and that department makes a report on the desirability of the measure and is invited to come before the committee which has jurisdiction of the bill and give the committee the full benefit of all the information the officials of the department happen to have. Then the committee hears all other evidence which will throw any light on the bill, and then the committee with the information of the department or with the information of the Post Office Department and Treasury Department in the post-office building bills, reports the bill to the House with all this combined information, and the House discusses the bill and adds the further information of the various Members of the House. After a bill is passed it goes to the Senate for further inquiry and investigation before a committee, and all the information and advice of the departments is again sought, welcomed, and obtained, and the combined information of the Senate is used to finally pass the bill. Then

the bill goes to the President, who has the right to again refer the bill to the departments interested in the matter.

I understand that the President does so refer bills to the interested department. Then the President applies his knowledge to the matter and either approves or disapproves the bill. Well, suppose the bill passes, then before the appropriation is actually made the matter again comes up before the Bureau of the Budget and the departments are again heard, and again the matter comes up before the Appropriations Committee of the House and then before a similar committee of the Senate, and then is passed on by both Houses and finally investigated by departments again and signed by the President.

Under the present plan the knowledge and information of the Post Office Department and Treasury Department is sought and obtained seven times while the matter of obtaining a post-office building is going the rounds from introduction to the final obtaining of the appropriation. And yet the advocates of the Elliott bill say that it is necessary to get the knowledge and information of these departments in these building matters. It is proposed to eliminate the wisdom of a great committee of the House, a great committee of the Senate, the combined wisdom of the House, Senate, and the President and all the information obtainable by two hearings before committees and the information, knowledge, and wisdom obtainable from the departments on seven different occasions in order to let the matter be handled by some one in a bureau other than a Member of Congress or a Cabinet officer. They say this is necessary in order for the matter to be handled by some one who knows.

It is earnestly urged that this some one who is to determine these questions will understand more about the matter than all the people who now deal with the situation. All must agree that the Cabinet members and the Supervising Architect and the splendid corps of men directly under him can not go to each district and determine these questions. They must be determined by some one else. No one knows who. They say he will know all things about the problems in hand. Well, maybe he will, but blamed if I believe it.

Mr. ANTHONY. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Chairman and gentlemen of the committee, in the RECORD of last Monday there is an extension of remarks by one of the Senators and the heading of it is "Demand of union labor for beer. Union labor demands beer and asks clergy aid. Dry law fails, says Green, in opening drive to modify act."

That is Mr. Green, president of the American Federation of Labor. Now, my answer to the question has always been that union labor is divided on the proposition, and in reply to that article which appears in the RECORD of last Monday I want to read an editorial published in this month's Locomotive Engineers' Journal for February, 1926, the official organ of the Brotherhood of Locomotive Engineers.

Mr. BLANTON. Of how many members?

Mr. COOPER of Ohio. About 85,000 members. It is as follows:

IS LABOR WET?

We regret to note that the American Federation of Labor has joined with the Association Against the Prohibition Amendment, the Constitutional Liberty League of Massachusetts, and the Moderation League of New York to spend its hard-earned funds for a forlorn campaign to bring booze back to the workingman. Institutions, like individuals, are sometimes known by the company they keep, and the allies of the American Federation of Labor in this case are notoriously poor company, backed by the very booze interests that flouted the law, demoralized workingmen's homes, corrupted legislatures, and took untold millions of dollars out of the workers' pay envelopes in the days of the open saloon. For these people to talk about "temperance reform" is almost indecently humorous.

The railroad brotherhoods, as well as hundreds of thousands of sober, industrious workingmen in the American Federation of Labor, are opposed to booze because they know it never made any man a better citizen, a better worker, or a better husband and father. We do not believe the remarkable growth of labor cooperative banking in this country would have been possible if the workingman were still shoving his savings over the bar. We are further convinced that the progress of the American labor movement depends upon leaders with clear, cool heads, and not upon those whose brains are addled by alcohol. Perhaps it is worth observing that the leaders of British labor, who have made such substantial progress economically and politically since the war, are overwhelmingly dry.

[Applause.]

I think that answers the question as to whether or not union labor is wet.

Mr. CARSS. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Ohio. I will be glad to yield to the gentleman.

Mr. CARSS. Is it not a fact that the Brotherhood of Locomotive Engineers in their convention of May, 1915, indorsed state and nation wide prohibition and passed a resolution calling on the order to cooperate in that direction and pledging the support of the organization to that movement? I believe this was the first labor organization to go on record as in favor of prohibition.

Mr. COOPER of Ohio. Yes; that is true. For many years organized labor has had a prominent part in the prohibition movement. The Brotherhood of Locomotive Engineers was fighting the drink evil a decade before the churches began their organized fight for prohibition.

And mark you, my friends, it was not the railroad companies that insisted upon total abstinence of railroad workers, but those workers themselves.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. BLANTON. Will the gentleman from Virginia give the gentleman from Ohio the time that he promised to me?

Mr. HARRISON. Yes. I yield to the gentleman from Ohio the five minutes which I promised to the gentleman from Texas.

Mr. COOPER of Ohio. I thank the gentleman. I wish the gentleman from Wisconsin [Mr. SCHAFER] were here. I would like him to hear what I am going to read now. For many years the Brotherhood of Locomotive Engineers has had this clause in its constitution:

The use of intoxicating liquor, either on or off duty, is prohibited. It shall be the duty of each division or lodge to investigate any violation of this rule, and if any member is found guilty he shall be expelled. Any division or lodge failing to enforce this law shall have its charter suspended by the grand chief engineer.

[Applause.]

The law was rigidly enforced, and to-day the Brotherhood of Locomotive Engineers, through their splendid leadership and the high moral standard of its membership, has built up a strong organization of capable men, with a priceless reputation for efficiency, carefulness, and courage.

The low rate of deaths by railroad accident could never have been established if a beer-dulled mind was controlling the throttle on our fast locomotives.

Before prohibition many labor union meetings were held in a rather bare room, on the upper floor of a building, whose ground floor sheltered a saloon. The rent was low, if any rent at all was charged. The receipts at the bar from those attending the meeting converted into a profit any possible loss in rent.

To-day labor temples have been erected, and many others are being planned or in the course of construction.

There is a double meaning in this. First, labor is learning that it needs no more to depend on the saloon for free housing than for free lunch. Second, labor is affected by its more dignified surroundings, which gives the union member a sense of solidity and dignity.

Alcohol is a mighty inflammable substance. Put it in the mind of a worker with a grievance and something is going to burn, and too often it was the worker who got burned. Strikes are costly; but, on the other hand, they are the ultimate weapon of labor, just as war is the ultimate weapon of nations.

But to-day labor is arbitrating instead of striking, and they are making steady advances toward industrial peace.

When labor does strike to-day—unless the strike is of the "unauthorized" variety—cool heads direct the strategy. With the saloons closed rioting and violence became rare. And that has killed the old excuse for calling out the militia to crush the strike. In the past booze caused and lost more strikes than any other factor.

The laborer's pay check now goes into the home instead of the saloon. I live in a great industrial center. The second largest steel industry is located there. As a lad I worked in these plants. Before the advent of prohibition the saloons were as thick as flies all around the steel plants. Thousands of the workers in the plants would go to the saloons as soon as the day's work was done.

Of course, the saloon keeper always trusted the worker till pay day. Many of the workers in the plants, when pay day came, turned his full pay over to the saloon keeper while his wife and children were hungry and in rags.

My friends, when I think of the old days, when the saloons began to fill up, as soon as the whistle blew, at the end of the day's work—I tell you—it is a great sight and an inspiration to see thousands of the workers, from the shops and mills, go straight home to their families and a large proportion of them ride in their own automobiles.

Since the abolition of the liquor traffic the workingmen are buying and building better homes.

They are saving their money and educating their children. [Applause.]

Labor is becoming capital. Instead of buying beer it is buying bonds. Corporations are finding their readiest sale of stock among their employees and the men who work in the plants are acquiring partial ownership.

The number of security owners in the United States has doubled since the adoption of prohibition.

This has been a steadying force among the workers. A man with a stake in the business will carefully study financial reports.

Labor's financial gains from prohibition have not always been registered in the pay envelope.

Economists differ concerning the value of the dollar to-day. But it does not take an economist, however, to estimate the change that has come over the wage-earning group since prohibition.

Home owning, auto owning, travel, higher education for the youth, the increase in savings-bank accounts are among the fruits of prohibition.

The entry of labor banks into public finance is another development since prohibition. Labor banks were practically unknown prior to 1920. There are now 16 large labor banks and more on the way.

Labor never attempted to control credit facilities until prohibition came.

The treasuries of national and international labor unions were never in such splendid shape as they are to-day.

Local union secretaries state they have very little trouble nowadays with members who do not pay their dues because of drunkenness.

Many large labor temples have been built during the last four years in the industrial centers of our country.

The rank and file of labor-union men to-day through the length and breadth of our land are against any modification of the prohibition laws because they fear the return of the saloon. [Applause.]

Most of them are convinced that any modification which would permit the sale of beer and wine would mean the return of the licensed drinking place—and in the final analysis the return of the saloon.

They know that the licensed drinking place would obtain its recruits from the labor temples—from labor ranks.

And mark you, my friends, the intelligent laboring men of our country will never again be fooled into a position where their influence would be used in the interests of the liquor traffic. [Applause.]

I venture to say that a great many of the worth-while labor leaders of to-day are strongly in favor of prohibition. I mean the big men in the labor movement. I realize that there are some who pose as labor leaders who in the past were officers in the bartenders' union or some of the other crafts affiliated with the liquor and brewery industries, who are against prohibition.

Labor has learned that there is neither profit nor pleasure in getting drunk. It gets more "kick" out of an auto and a decent home than it ever did out of the corner saloon. The bootlegger does not find many of his customers among the working classes, because they have learned that drink does not pay.

Some of the older element in the trade-unions, conservative and slow to change, may still grumble about a man's right to have a glass of beer when he wants it. The old brewery trades may still orate and agitate in the hope of getting their jobs back again; but labor as a whole is back of the eighteenth amendment and the Volstead Act, and labor's wife joins with labor in whole-hearted opposition to any attempt to weaken enforcement of the prohibition laws. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. HARRISON. Mr. Chairman, I yield five minutes to the gentleman from Florida [Mr. SEARS].

The CHAIRMAN. The gentleman from Florida is recognized for five minutes.

Mr. SEARS of Florida. Mr. Chairman, when the income tax bill was up for consideration I undertook to convince my colleagues that an injustice was being done the State of Florida. Unfortunately, I did not succeed, but I think many have changed their minds since that time, and I am going to take just a few minutes now to add to my brief remarks then, some additional remarks which I trust may convince others. I have talked to many of my colleagues, both in the House and in the Senate, and they agree that the paragraph is absolutely unconstitutional.

I listened to the gentleman from New York, my colleague Mr. OGDEN MILLS, than whom there is no better educated, energetic, or cultured Member of this House, and he convinced me, if there was any doubt in my mind, that the position I had assumed was correct. In arguing the banking bill I find he says:

> In other words, we have here an example of what goes on almost daily in the Congress; an attempt indirectly to use the Federal power in order to coerce the people of the several States to do not what they think is right in the government of their own concerns, but to do what this Congress may think right.
>
> I do not pretend to know what are the economic and banking conditions of the State of Iowa or South Carolina or California. If the people of South Carolina want branch banks, who am I to say that they shall not have them; and if the people of the sovereign State of New York believe that their condition is such as to be favored by a branch-banking system, by virtue of what authority do the Representatives of the State of South Carolina or any other State in this Congress say to the people of New York, "You shall not have branch banking."

Then, speaking of the right of a State to legislate on certain matters and the absolute lack of authority on the part of Members of Congress to force on the States their views, he said:

> I am not complaining that this bill does not go far enough. I am not going into the question of whether branch banking be wise or unwise, but I contend that the only reason for this provision is because some Members of this House do not believe in branch banking, and they propose to say to the people of a sovereign State, "We are going to use this indirect means to enforce our economic views on you irrespective of what your local views may be."

That was the position I took on the income tax; and let me say that I hope the gentleman from New York, with all of his power and influence on the Republican side, will take the same position when the 80 per cent refund comes up again and assist me in trying to eliminate that unconstitutional paragraph from the bill.

I say to you in all sincerity that if it is not right for Congress, for this House, to force upon Kansas, Nebraska, Pennsylvania, or the other States of the Union a law which they do not want, or force them to change a law of their State, then certainly it is not right for the Members of this body to force upon a State and try to make a State change an article of its constitution which is not contrary to the Constitution of the United States.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. SEARS of Florida. Yes.

Mr. BLANTON. What about the 100 per cent refund that the Congress of the United States has allowed Florida and every other State to deduct from their ad valorem tax from the income tax? You allow them to deduct 100 per cent from the ad valorem tax.

Mr. SEARS of Florida. I would take the same position on that that I am taking on this, that Congress has not that right. But I am not going into the merits of whether the people of Florida voted wisely or unwisely at the election in voting on the amendment to change the constitution of Florida. The people of that great sovereign State, made up of people from the North and South and the East and West and Floridians, the best people we find anywhere, overwhelmingly adopted that amendment to their constitution.

One of my Democratic colleagues said, "Why did you not object last year when the 25 per cent refund was included in the bill?" I told him the reason I did not raise my voice in opposition then was because I feared my colleagues would do just what they are doing to-day; in other words, that they would change it from 25 per cent to 80 per cent. Eighty per cent is so near the 100 per cent that you show on the face of the bill itself it is not for the purpose of getting taxes to run governmental affairs but for the sole purpose of making Florida change her constitution or suffer the penalty of paying all of her inheritance tax into the Government fund for Government purposes and getting none of it back.

You would be surprised to know that last year Florida, under the inheritance tax, paid into the Government about $2,000,000. I think I am safe in saying that under the present bill, with the cut from 40 per cent to 20 per cent, Florida will pay to the Government in inheritance taxes over $1,500,000.

If this bill is permitted to stand as it is, then we will either have to change our constitution, which will take four years, or we will have to suffer, as I have said, the penalty of paying all of it in to the Government and let the other States get the benefit of it. But, speaking for the people of Florida, speaking for one of the sovereign States, I want to say that whatever your action may be, I do not believe you can force them to

change their constitution, and they will take their penalty rather than be driven to that which they should not be driven.

Last year, in going down on the train, I met a highly educated, cultured, and refined gentleman in the diner. We introduced ourselves and talked for some time. He did not know I was a Congressman, because I make it a rule never to tell who I am, and I did not even know what his business was. After luncheon one of my friends on the train came by and said, "Do you know the gentleman to whom you were talking?" I said, "Yes; I know his name." He said, "He is a retired judge of the Supreme Court of the State of Connecticut." So I went back to this gentleman and said, "I understand you are a lawyer." He said, "Yes; they say I am a lawyer." I said, "Well, I enjoyed our chat, but I want to punish you. I would like to have you read my remarks on the income tax, the 80 per cent refund." He took the CONGRESSIONAL RECORD and read it. Then this man from another State—who had nothing to expect from me and I had nothing to expect from him—about 5 o'clock that afternoon came back and returned the RECORD to me. I had asked him to make notations, because lawyers get wrong, and if I was wrong, I wanted to know it. I prize this as much as any of the telegrams and letters I have received from my own State, because I have investigated the gentleman and I find he is a cultured and educated man; that he held the position of justice of the Supreme Court of the State of Connecticut for many, many years, and until, at the age of retirement, he was retired, and I now want to read to you the kind remarks he wrote:

ON TRAIN, *December, 1925.*

MY DEAR MR. SEARS: I have read the report of your speech and see no answer to it. I wish I could add something to your able and effective argument, for the paragraph is, in my opinion, both unconstitutional and subversive of State rights.

To exact money under the guise of taxation for purposes other than governmental is, in my opinion, not taxation, but confiscation, and I should like to hear the answer—if there is one—to the question: By what constitutional authority the Congress has the power to seize the estate of a deceased resident of Florida for the avowed purpose of turning it over to the treasury of the State of New York?

Very sincerely,

JOHN K. BEACH,
459 Temple Street, New Haven, Conn.

I appreciate this letter, as I have said, and I shall keep the original as one of my pleasant mementos. In investigating this very estimable gentleman, high class and very discerning—because he went to Florida to spend the winter—I find that he is a close personal friend of the distinguished chairman of the committee [Mr. TILSON].

Mr. McSWEENEY. Will the gentleman yield?

Mr. SEARS of Florida. Yes.

Mr. McSWEENEY. I am in favor of an inheritance tax and I am also in favor of State rights. I wish to ask the gentleman if he does not think that the Western States, in legalizing high rates of interest, were bidding for capital in their early days of development just as much as Florida is bidding for capital now by her action?

Mr. SEARS of Florida. There is no doubt that is true, but I doubt that Florida was bidding for capital, because at the time we passed this section the fourth congressional district had about 700 multimillionaires, and that number has only been increased by a very few additions. We are not tax dodgers. I wish I had time to read editorials from Alabama, North Carolina, and other States, also the other letters and telegrams I have received approving the position I have taken.

Mr. McSWEENEY. But the western men did allow high rates of interest in order to encourage new capital.

Mr. SEARS of Florida. That is absolutely true, and that is why I am asking my western colleagues now not to penalize Florida. I can not bring myself to believe any of my colleagues, now that they have given the subject serious consideration, will wipe out the last vestige of State rights. I can not believe they will support a proposition admittedly wrong in principle for a few paltry dollars. If I am wrong in the above I do not believe your constituents are so selfish that they will indorse your vote. American statesmanship has not yet sunk to that low level. [Applause.]

Mr. HARRISON. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. BOYLAN]. [Applause.]

Mr. BOYLAN. Mr. Chairman and gentlemen of the committee, 27 days have elapsed since I introduced a bill in the House giving the President power in an emergency to operate the anthracite coal mines. Nothing has been done during these 27 days, although I have requested the Committee on Interstate and Foreign Commerce to report the bill presented by me. In the meantime suffering and hardship are stalking through the land. In to-day's papers we read of the gaunt specter of starvation in the anthracite coal regions, a miner's wife dying from starvation, yet the Congress sits here quietly and nothing is done.

But there is a gleam of light coming out of the dark clouds surrounding us. Some eminent Republicans from New England and from New York have petitioned the steering committee to do something in order that at least a gesture may be made by the administration in this most important and necessary relief for the American people. The homes of thousands of families throughout the East are heated only by the wood they can gather in the streets of the towns and villages.

Another very important development has taken place; this noninterference with the coal situation has another very important and vital thing hidden behind it, and what is it? It is alleged, gentlemen, that the big interests of this country, the big financial interests, have pledged their aid and their support to any operator who is unable to carry on and break the strike. What does this mean? This means a direct thrust at organized labor of this country, and labor should be alert and protect itself. It is more important, to my mind, to keep men and women alive, keep them from starvation and suffering and hunger, than it is to say that they shall only have alcohol in the proportion of one-half of 1 per cent.

I think it is up to the Congress, if we value organized labor and their help and their support, to do something to alleviate the present conditions that exist throughout our country to-day.

Twenty-seven days have passed, as I have stated, and nothing has been done. How much longer must we wait? Shall we be reduced to the very depths of want and privation before the Congress will do something?

Mr. OLIVER of New York. Will the gentleman yield?

Mr. BOYLAN. I yield to the gentleman.

Mr. OLIVER of New York. A moment ago the gentleman said there were great financial interests back of maintaining the operators who might otherwise fail. Does the gentleman mean that the administration of our Government is in sympathy with those that are back of this movement to finance the operators in a fight against union labor in this country?

Mr. BOYLAN. Well, the only natural assumption one can make on account of its masterful inactivity is that it is. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. HARRISON. Mr. Chairman, I yield 20 minutes to the gentleman from Mississippi [Mr. WHITTINGTON]. [Applause.]

Mr. WHITTINGTON. Mr. Chairman, my observation will center very largely around the provisions of the pending legislation for the improvement of the rivers of the country, and my theme is—

THE PROBLEM OF THE MISSISSIPPI RIVER

Every country has its great river, and the United States has the greatest river in the world. Governments have always promoted the improvements of their great rivers and the control of their floods. The Mississippi River is the property of the United States and should be the commercial highway of the Nation. It is owned by the Government, and the acts of Congress enabling the States of the Mississippi Valley, including Mississippi, Louisiana, and Arkansas, to adopt constitutions for admission into the Union provided that—

The River Mississippi and the navigable rivers and waters leading into the same or into the Gulf of Mexico shall be common highways and forever free as well to the inhabitants of the State as to the other citizens of the United States.

The unquestioned control of the Mississippi River to the Gulf largely influenced Thomas Jefferson in the Louisiana Purchase, for when the country east and west of the river in the lower valley was under the dominion of Spain and France the United States had maintained that the Mississippi should be free to all of the territory of the Mississippi Valley.

Under Article I, section 8, of the Constitution the United States has jurisdiction of the Mississippi River for navigation and has the power to collect taxes to control its floods and to improve its channel, both of which are essential to its navigation, under the grant of authority to establish post roads, to regulate commerce among the several States, and to provide for the general welfare.

There is a wide and well-founded demand for the improvement of all navigable rivers and inland waterways. Both the Democratic and Republican Parties indorse the flood control of the Mississippi as a national problem and advocate the improvement of the navigable rivers as the great internal improvement policy of the United States. The improvement of the Mississippi River has been indorsed by statesmen from Thomas

Jefferson to Calvin Coolidge, and is being advocated by the leading statesmen and men of vision to-day. Abraham Lincoln said:

The most general object I can think of would be the improvement of the Mississippi River and its tributaries.

This question is of immense importance to the entire Mississippi Valley. In fact, its agricultural and industrial development both depend upon the improvement of the Mississippi River system and upon its union with the Great Lakes system. Agriculture must have cheaper transportation, and the agricultural problem will largely be solved by the establishment of manufacturing enterprises in the agricultural regions. The producer and consumer will thus be brought together, and the profit of the producer will be increased by the diminishing costs of transportation.

The Panama Canal and increased freight rates have retarded agriculture and prevented industry in the Mississippi Valley. These two factors have driven industry to the seaboards of the Atlantic and the Pacific and have reduced very materially the income from agriculture. The freight rate from Kansas City to San Francisco is more than double the cost of transportation from New York to San Francisco. The Mississippi Valley must pay a railroad rate of about $5 per hundred on her first-class traffic to San Francisco, while New York ships by sea for $2.40 per hundred pounds. The average railroad rate of the country is 10½ mills per ton-mile, and there is little hope that this rate can or will be reduced. The Mississippi Barge Line is making a profit at 3½ mills per ton-mile, and will reduce to 2 mills per ton-mile when the channels are completely improved and when the service of the barge line is fully established. The cost on the Great Lakes is 1 mill per ton-mile. It has been shown the world over that freight can be carried by water at from one-fifth to one-tenth the rate the railroads can afford to make.

One thousand bushels of wheat can be transported 1,000 miles on the Great Lakes or the sea for $20 to $30; it can be carried on the Mississippi modern barges for $60 to $70, and it costs by rail to-day from $150 to $200. These figures are conditional upon return or back loading. Cotton in the interior can be concentrated and shipped from Memphis, Greenville, and Vicksburg by barges and via the Morgan Line to New York and New England points at a saving of 11½ cents per 100 pounds over the direct rail routes. Much of the freight now received in the South from New York is by water to Charleston or Savannah, and thence by rail to the interior. The operation of the barge line by the Inland Waterways Corporation on the Mississippi from St. Louis to New Orleans shows that water transportation, which had almost disappeared from the Mississippi since 1900, can be restored and profitably conducted. The joint water-and-rail rate from Chicago to New Orleans is now 80 per cent of the all-rail rate, and the water rate from St. Louis to New Orleans is much less than 80 per cent of the rail rate. I favor the completion of the Mississippi River system, with the main trunk line extending from New Orleans to St. Louis, Chicago, and Duluth, a distance of 1,600 miles, and from St. Louis to St. Paul and Minneapolis, with the main right lateral trunk extending up the Ohio and Allegheny to Pittsburgh, and the main left lateral trunk extending up the Missouri from St. Louis to Kansas City. The main trunk line will thus extend north and south 1,600 miles and east and west 1,500 miles, and there are intracoastal canals and tributaries, including the Cumberland, the Tennessee, the Yazoo, the Arkansas, and the Red, which will afford 6,000 miles of navigable waterways. The completion of the Mississippi system, therefore, will give to the Nation 9,000 miles of navigable waterways. It is estimated by the Government engineers that the United States can rectify and complete the channels of the main trunk lines for around $65,000,000, and the urgent work on the tributaries can be done for approximately $35,000,000. Two-thirds of the system is complete, and the whole system must be established to make it effective, and it can be established with the exception of the revetment of the lower Mississippi for $100,000,000. With one incomplete segment from St. Louis to New Orleans, the system is broken; a single sand bar will prevent navigation.

The railroads now maintain that they must expend a billion dollars annually for 10 years to meet the expanding needs of commerce and transportation. The people must ultimately pay the bill. By waterways cheaper transportation can be obtained. Is it not the part of wisdom, as well as good business and statesmanship, to complete the water system so that the railways and waterways can coordinate and cooperate? Ultimately the people must pay for additional transportation. It will be economical to utilize the waterways rather than expand the railways.

But there is another consideration. The Government must operate its waterways without damage to individuals or States and in the interests of commerce as well as for the general welfare. It must provide against floods. The annual damage from the floods of the great rivers in all countries amounts to millions of dollars in loss of money and property and loss of countless lives. The great floods of the Mississippi in 1882, 1884, 1897, 1907, 1912, 1913, and 1922 wrought misery throughout the valley, resulted in the loss of many lives and the destruction of property amounting to millions of dollars. The destruction to the small farmer and to the tenant throughout the valley in all these floods was especially great. In the fall of 1925 the floods in Europe caused great woe. In Paris alone the flood of the Seine caused a loss of more than $20,000,000. From Cairo south the Mississippi River finds its way to the Gulf through alluvial or delta lands. The control of the floods of the Mississippi River and the improvement of its channel from Cairo to the Gulf constitute the key to the improvement of the Mississippi River system. Mere channel improvement is temporary unless it is properly protected and maintained, but floods can be controlled and navigation can be maintained. Levees and revetment are essential to flood control, and at the same time they are absolutely necessary for channel improvement for navigation.

CAIRO TO THE GULF

The Mississippi River from Cairo to the Gulf is in reality a river in itself, and I refer to it as the lower Mississippi. It traverses the most fertile valley on earth. The area of these alluvial deltas is about 30,000 square miles, or about 20,000,000 acres. It is estimated that about 4,000,000 acres can not profitably be reclaimed. About 25,000 square miles, or 16,000,000 acres, therefore, can be reclaimed, and there are now about 4,000,000 acres of the 16,000,000 acres in cultivation.

The river receives the flood waters from 31 States, and its entire drainage basin comprises 41 per cent of the area of the United States. The distance from Cairo to the Gulf by river is approximately 1,070 miles. The flood waters from the Alleghenies on the east and the Rockies on the west converge at Cairo, and the control of these flood waters is a national problem, as a part of the internal improvement policy of the Government.

The annual flood height in this alluvial valley is increased as the country drained by the Mississippi and its tributaries is cleared up. The improvement of the West and the great Middle West results, therefore, in damage to the lower Mississippi.

The process by which the country above is relieved is that by which the country below is ruined.

The cultivation and drainage of the great plains in the upper Mississippi and along its tributaries have overwhelmed the alluvial valleys of the lower Mississippi. It is maintained that the drainage of the States to the north of the Delta lands accelerates the flow of the rains and snows which fall there and in this way increases the burden of the lower river. The fact that the lower Mississippi River is the drainage basin for 41 per cent of the total area of the United States is sufficient to warrant the Federal Government in controlling the floods of the Mississippi.

YAZOO BASIN

There are four great basins located in the territory from Cairo to the Gulf; the St. Francis, the Yazoo, the Tensas, and the Atchafalaya Basins. I speak of the Yazoo Basin particularly, inasmuch as I represent the third congressional district of Mississippi, in which this basis is largely located. It extends from a point a little south of Memphis to the mouth of the Yazoo River, just above Vicksburg. The distance by river is about 350 miles and by the levees approximately 300 miles, whereas the straight distance from Memphis to Vicksburg is 180 miles. The fall from Memphis to Vicksburg is about two-thirds of a foot to the mile. The shape of this basin is lenticular, with the Yazoo Hills, along which the Yazoo River runs on the east, forming one arch, and the Mississippi River on the west forming the other arch. The extreme breadth is about 60 miles. The drainage in the basin is altogether toward the interior, and eventually it goes into the Yazoo River. The area of this basin is approximately 6,500 square miles, or 4,100,000 acres. The basin of the Yazoo River is about 2,400 square miles, the Sunflower Basin is about 3,000 square miles, and there are about 980 square miles in the Steele's Bayou Basin.

There are two local levee districts in the Yazoo Basin, the Mississippi levee district, with about 190 miles of levee completed, with the levee north from the mouth of the Yazoo near Vicksburg about 20 miles still incomplete; and the Yazoo-Mississippi Delta levee district, with its 90 miles of levee com-

plete and up to grade and section. The entire basin is subject to overflow from the Mississippi River, and the eastern part of the basin has an additional burden in the overflow of the flood waters of the hill sections of the State of Mississippi. There is the problem of the Mississippi River on the west, and the problem of the Yazoo River and its tributaries on the east.

The improvement of the Mississippi River is unfinished. The levees must be completed to the mouth of the Yazoo River. In some instances the levees must be built to a higher grade and section than at present fixed by the Mississippi River Commission. In order to protect the levees built by the Government and local interests it will be necessary for the levees to be protected by bank revetment. The Federal Government has recognized that bank revetment is essential to navigation, and the cost of bank revetment has largely been and should be borne entirely by the Government. This policy will materially lighten the burden of the Yazoo-Mississippi Delta district, where this district is now and has been contributing to revetment work. The tributaries of the Mississippi must be protected, and they involve the Yazoo, which includes the entire Yazoo-Tallahatchie-Coldwater district, as well as the Sunflower district and the Steeles Bayou district. Under the law at the present time the Government is authorized to control the flood waters of these rivers, as tributaries of the Mississippi, in so far as they are affected by the back waters of the Mississippi. The point to which they are now affected on the Yazoo River is not definitely settled. It is tentatively fixed at Yazoo City, but the flood level may be changed by the completion of the Brunswick extension. At all events the Brunswick extension must be completed before the problem of the lower district is solved. It would be useless to improve the lower Yazoo and its tributaries unless the Brunswick extension is completed, and by the Brunswick extension I mean the territory in which the levees are at present incomplete for a distance of about 20 miles above Vicksburg.

The matter of the floods from the hill waters in the upper Yazoo district presents a difficult problem. It involves about 1,600,000 acres of land, and this land is exceedingly fertile and productive. If the Federal Government is justified in reclaiming the arid lands of the West, surely there is a great deal more reason for reclaiming the swamp and overflow lands of the Yazoo basin.

It must be kept in mind, however, that in reclamation the Federal Government does not make any donation or contribution. It merely advances the money for a long period of years and permits it to be repaid without interest. I believe that the Federal Government will recognize the justice of the reclamation of this fertile Yazoo Basin, and I trust that the reclamation act may be amended so as to permit the reclamation of this great territory in the upper Yazoo Delta.

In the lower Yazoo Basin, under the Federal law, the Government is authorized to appropriate $2 for every dollar contributed by the local interests in the control of the flood waters of the tributaries of the Mississippi River, in so far as they may be affected by the backwaters of the Mississippi. A comprehensive scheme, because of the large interests involved, should be devised for the solution of the flood problem along the eastern border of the Yazoo Basin. I am urging the complete survey of the Yazoo River for flood control. The Federal Government will not make any appropriations until first the engineers of the Government have made a complete survey, so that Congress may be fully advised as to the nature of the problem, the Federal interests involved, and the costs of the improvements.

There are two projects in the treatment of the Yazoo River, the upper Yazoo and the lower Yazoo problems. The latter is a flood-control problem and should be solved under the flood control acts, and amendments thereto. The former can be classed as a reclamation problem. As a member of the Flood Control Committee and as a member of the Reclamation Committee, I find that both committees are in sympathy with Federal aid for the solution of these two problems. There must be a comprehensive survey; the local interests must contribute to this survey. It is for the citizenship to determine whether the local contribution should be made by the levee boards, by the boards of supervisors, or by drainage districts, or what method of contribution shall be adopted.

STUDIES AND INVESTIGATIONS

The problem of the Mississippi is as old as the Government itself. Congress has made efforts from time to time for its solution. Many commissions have been appointed by Congress to investigate the matter. In 1822 Bernard and Totten, of the Army Engineer Corps, after a very extensive and elaborate study, made a report in which they declared that the only means of improving the Mississippi River was by the constructions of dikes and levees. Humphreys and Abbott, Army Engineers, submitted an extensive report in 1861; the Warren commission in 1875, the Burrows committee in 1883, the Nelson committee in 1898 submitted reports, and after the flood of 1913 President Wilson requested a full investigation to determine the most efficient method for flood control of the Mississippi River. Various methods have been suggested, including reforestation, reservoirs, cut-offs, outlets, and diversion. Reforestation would require the abandonment of much land needed for agricultural purposes; reservoirs are better suited to the mountainous country and would require enormous expenditures; cut-offs might afford relief to the portions of the river straightened, but it would increase the flood height at the lower end, benefiting one locality at the expense of another. This method can not be applied to the Mississippi River because it would injure its navigation during low water and increase the caving of its banks, which is already excessive. Outlets can not be constructed above the mouth of the Red River, and they would have to be protected by levees of the same dimensions as the river itself. Diversion of flood waters into channels parallel to the main stream is impracticable. The maximum flood discharge of the Mississippi River exceeds 2,000,000 second-feet, while it discharges about 1,000,000 second-feet at bank-full stage.

All of the commissions investigated the various methods proposed. Army engineers and the most eminent civil engineers have agreed that the only proper method of flood control is the levee system. All other methods have been discarded. Levees have been successfully employed on European rivers, and are the only means of flood control of the large rivers that have been successfully utilized.

In 1850 Congress, in an effort to solve the river problem, passed the swamp land act, under the terms of which the proceeds from the sale of these lands in the Mississippi Valley were to be devoted to the construction of levees. However, the greatest step taken by Congress was the act of June 28, 1879, creating the Mississippi River Commission, which provided, among other things, that—

> The commission shall take into consideration and mature such plans and estimates as will correct, permanently locate, and deepen the channel and protect the banks of the Mississippi River; improve and give safety and ease to the navigation thereof; prevent destructive floods; promote and facilitate commerce, trade, and the Postal Service.

The Mississippi River Commission has had experience for 40 years with many floods, some of which were the greatest in the history of the river. They are now, and have always been, agreed that the only way to prevent destructive floods is by the construction and maintenance of levees. Until the flood control act passed in 1917, the appropriations for the Mississippi River Commission limited the construction of the levees to such location and height as would improve the channel of the river, without reference to the protection of delta or alluvial lands from overflow. Snags and sand bars were removed in aid of navigation. Revetment work was done to prevent caving banks in aid of navigation, and revetment work along the Mississippi River has been largely done by the Mississippi River Commission, for the Army engineers deem revetment as essential to navigation.

Gen. A. A. Humphreys, after 10 years' study of the river, which resulted in the great report of Humphreys and Abbot, concluded that it was impossible to retain the floods without the construction of levees. There can be no longer any question about the matter; the levee system is the only practical method for flood control.

LEVEES

The building of levees or dike systems for flood control is no new thing. Levees consist of embankments of earth, and the system is of ancient origin. It is as old as history. As far back as the twelfth dynasty the Pharoahs were constructing levees along the banks of the Nile, not only to conserve water for the purposes of irrigation, but to prevent the overfloow of its alluvial banks. In Biblical times the waters of the Tigris and Euphrates were confined to their banks by a system of levees to prevent the lowlands from being inundated, and the King of Assyria revetted the banks of the Euphrates by facing them with burned brick in order to protect the sides of the channel from abrasion and caving.

Most of the rivers of Europe have been leveed to prevent floods and many of the rivers in Asia have been leveed. The Rhine, the Rhone, the Arno, the Danube, the Vistula, and the Yellow River are thus leveed, and in consequence disastrous overflows are of rare occurrence on these rivers. Other methods were tried and discarded. Some of the works on these rivers are of great magnitude; upon the Vistula the levees are 20 feet high and about 20 feet broad at the top. At the time of the Renaissance the levees were extended along

the River Po, and they were built to the mouth a century ago. The story of flood control by levees is no new one, and the problem has been subjected to the test of time and the experience of history. The flood control of great rivers is the Nation's problem, and this problem has been undertaken and solved by States of modern and ancient times as a great national internal improvement.

The history of levees along the Mississippi is interesting. It has gone hand in hand with the civilization of the country. The first settlements made by Europeans on the Mississippi were at Natchez and New Orleans. At New Orleans precautions were necessary to protect the settlers from overflow. The first levee built on the banks of the Mississippi River was constructed by a French engineer named De la Tour, who had laid out the city of New Orleans in 1710. This levee was started in 1717 and was completed 10 years later, and by 1735 the levee extended 12 miles below New Orleans to 30 miles above on both sides of the river. As the country opened up, the levees were extended up farther, each planter building along his own river front. The levees were very low, and the system was extended in this desultory way, and at the time of the Louisiana Purchase by Jefferson, the levees extended from the lowest settlement to Point Coupee on one side and to Baton Rouge on the other side of the river, except where the country was unoccupied.

In 1828 levees were extended up as far as Red River Landing, and by 1844 the line had been extended as far north as Napoleon, Ark., on the west bank, with disconnected sections, more or less, along the entire Yazoo Basin. There was further and better organized levee construction during the years immediately preceding the War between the States. They were destroyed, however, by the great floods of 1862, 1865, and 1867. There was but little levee construction during the reconstruction period, and in 1874 occurred one of the most disastrous of all the floods. In 1882, 1883, and 1884 the deltas were visited for the first time with three successive and excessive floods. Many lives were lost, and enormous damages were sustained.

The control of the Mississippi River had been transferred to the United States by the Louisiana Purchase many years before. Now the impoverished condition of the valley challenged the attention of the country. Congress responded, and the work of the Mississippi River Commission, begun in 1879, began to take shape. It is interesting to observe that there has never been a break in any of the levees along the Mississippi River that have been built up to the grade and section required by the Mississippi River Commission.

LEVEES DO NOT RAISE THE BED OF THE RIVER

There are many fallacies with reference to the Mississippi River and its improvements. It is said that the levees cause the bed of the river to rise. This is pure fiction. Col. C. McD. Townsend, chairman of the Mississippi River Commission, Brig. Gen. H. M. Chittenden, Col. S. S. Leach, and, in fact, all eminent engineers, both civil and military, after years of study, observation, and investigation, maintain that levee construction has not raised the bed of the Mississippi. The tendency is to scour the bed of the river, and thus aid navigation. The tendency is to depress, and not to raise. There is a notion that the bed of the river is above the city of New Orleans; this is wholly erroneous. As a matter of fact, the river is 200 feet deep at New Orleans, so that the level of the city is 200 feet above the bed of the river. The only leveed rivers in the world where the bed has silted are those rivers that flow from a high level down a steeply inclined plane suddenly into a level country. This fiction has long obtained with reference to the Po River in Italy and the Yellow River in China, but this theory has been completely demolished by engineers who have investigated, and in the case of the River Po it has been shown that the bed of the river has not been raised at all through at least two centuries of levee construction and maintenance on its banks.

CAVING BANKS

Bernard and Totten, in their report on the Mississippi River in 1822, advised the construction of levees solely in aid of navigation, but Congress has the power to regulate both intercourse and navigation. Lieutenant Colonel Suter, of the Army Engineers, maintained that the permanent improvement of the stream for navigation without levees was impossible.

This view is concurred in by many other engineers, both civil and military, who have devoted years to the study of the problem of the river. The greatest danger to navigation in the Mississippi is caused by sand bars and by snags that are arrested in their progress down the river and held by these bars. The caving of the banks from Cairo to the mouth of the Red River is surprising. It is almost incredible. The Mississippi levee district now has about 190 miles of levees, but about 212 miles of levees have caved into the river. These caving banks cause the formation of bars below the caving and thus impede navigation. Breaks in the levees likewise cause the formation of bars, and as I have stated, these bars are the formidable enemies of navigation. It is necessary not only to remove the bars by dredging the channel but it is also necessary to prevent the bars by holding the banks in place and by preventing breaks in the levees. The plan adopted has been successful. The remedy is revetment.

Willow mattresses are woven together, held by wires, and sunk below the water level, so they will cover the bank of the river for two or three hundred feet from the low-water level out toward the center of the stream. This caving or erosion takes place along the concave banks in the bends of the river and the deposits are carried below the caving, forming the sand bars.

The distance from Cairo to the Gulf is 1,070 miles, as I have said, but the length of the levees on both sides of the river is about 1,500 miles. There is high territory in some sections along the river, and especially in the territory in Tennessee, in which Memphis is located, and the territory in Mississippi south of Vicksburg. The caving only occurs in the river bends. The length of the lower-river channel may be divided into two parts, and they are the steep-slope and the flat-slope divisions. The steep slope ends in the vicinity of the mouth of the Red River, and from this point the river flows to the Gulf on a very flat slope. The current is slow, and there is, consequently, no caving of the banks, with the result that there are no sand bars or shoals in this part of the river and ocean-going steamships navigate the river up to Baton Rouge.

The caving bends, then, occur between Cairo and the mouth of the Red River, where the slope is steep, and it is estimated that there are about 400 miles of these bends. Revetment is the remedy for caving; it is even more essential than levees for navigation, for caving goes on in low water, and levees are only needed for high water. Revetment is the fundamental factor in river improvement.

REVETMENT

Revetment protects the banks and at the same time protects the levees. The levees aid in navigation by confining the water to its regular channel. They contribute to rectifying the channel and thus prevent the formation of bars. But these bars come almost entirely from the caving banks. The object of Federal aid is to control the floods and to provide and maintain a dependable channel for navigation. The remedy is levees and revetments. The statement of Major Markham, of the Corps of Engineers, is typical and illuminating:

> I have convinced myself that there is no other method of controlling the floods except by levees and revetments.

So is this statement by Major Markham:

> I think revetment work indispensable to navigation as it exists on the Mississippi to-day.

The engineers all agree, as have all the commissions heretofore appointed by the Government to study the matter, that floods in the lower Mississippi can be controlled only by levees built along the banks of the river, and by preventing these banks from caving into the river by means of revetment. They are also unanimous in the opinion that a navigable channel of sufficient depth to carry the commerce of the future can be maintained economically by the same means by which floods are controlled and by no other. Therefore it is that the Mississippi River Commission has recognized that bank revetment is the contribution of the Government to the Mississippi River problem, and has advised that the bank revetment should be done by the Federal Government.

Mr. McSWEENEY. May I interrupt the gentleman?

Mr. WHITTINGTON. Yes.

Mr. McSWEENEY. Did not James B. Eads install jetties to deepen the channel for navigation?

Mr. WHITTINGTON. Yes; and I may say in this connection that Capt. James B. Eads frequently appeared before the committees of Congress and advocated levees and revetment to provide for the navigation of the Mississippi River.

LOCAL BENEFITS INCIDENTAL

It has been suggested that the benefits resulting from levees are largely local, and the expense therefore should be borne by riparian owners. But no public improvement of any kind is ever free from the objection that some particular locality or some particular enterprise or some particular individual is especially benefited by it. The navy yards are for the defense of the country, but they are of special advantage to Charleston, Baltimore, Philadelphia, New York, and Boston. The improvement of harbors is for the public welfare, and yet they result

in special benefit to the localities where they are improved. The building of Army posts is a part of the general defense, and yet it is of advantage to the localities in which they are situated. Some individual interest follows from every appropriation by the Government. It is impossible to improve the rivers for navigation without levees. It is impossible to reclaim the alluvial lands without levees.

It may therefore be insisted that the duty of the Federal Government to build levees, which incidentally protect the landowners, is just as imperative as the duty of the landowners to build levees, which incidentally improve the channel of the river in front of them. There is a common interest in the levees. It is not true, however, that the mere building of levees causes an enhancement in the price of land. The people in the valley merely ask the opportunity to reclaim their own lands for themselves. They must clear them, and in alluvial territory they must drain them. I maintain that the interests of the Government and the individual are common and that the benefit to the individual as compared with the Government's benefit is incidental. Every railroad constructed through a country increases the value of the land adjacent thereto; every street laid out in a city, every highway constructed through a county, advances the value of the adjoining land. Protection to private property in some way results from nearly every public work. Suppose the levees should protect individuals while aiding commerce; are they not to be the more commended for that? Should not this fact be an additional argument for their construction? Ought not broad and liberal statesmanship rather approve of a situation which promotes the public interest and at the same time affords protection to the life and property of individuals?

Local interests have borne their part. It is estimated that the Mississippi River Commission has spent upon the Mississippi and its tributaries since its establishment approximately $63,000,000 in the construction of levees, while local interests have spent approximately $155,000,000 in the construction and maintenance of levees.

The program of statesmen in this great internal improvement should be that the Government complete the levees of the Mississippi River under the second flood control act, and that as speedily as possible the revetment of the banks in all the bends of the river be completed. It is a big program, comparable to the construction of the Panama Canal, and it should be solved in a great way. The local interests will maintain the levees, and it is to be kept in mind that the cost of maintenance will be no inconsiderable item. Thus the local interests and the public interests will be conserved and coordinated, and the public and the individual will bear their just share of the costs of a great program.

FLOOD CONTROL

The flood control act of March 1, 1917, authorized an appropriation of $45,000,000 for the improvement of the Mississippi River. For the first time in its history the Mississippi River Commission was given adequate funds to prosecute its program of levee construction and revetment. It was contemplated that the appropriation would cover five years, with a $9,000,000 annual appropriation. Because of the World War the annual appropriation was less than $7,000,000, and the work extended over seven years instead of five. Because of the increased cost the Mississippi River expended $4,000,000 annually for work other than levees, instead of $3,000,000 as contemplated, and therefore $28,000,000, instead of $15,000,000 as planned, were expended for work other than levees, so that only $17,000,000, instead of $30,000,000, were devoted to levees. The act provided that the local interests should contribute not less than one-half the amount allotted by the commission for the work, and the act further provided that not more than $10,000,000 should be expended during any one fiscal year. There was no time limit in the original act, and it was in force until July 1, 1924.

The second flood control act, approved March 4, 1923, also covered the flood control of the Mississippi and Sacramento Rivers and was an amendment of the first act. It authorized the expenditure of a sum not to exceed $10,000,000 annually, to be appropriated for a period of six years, beginning July 1, 1924. The act provided that the money could be spent for flood control upon the tributaries as well as on the outlets of the Mississippi in so far as they might be affected by the flood waters of the Mississippi.

Two appropriations of $10,000,000 have been made. It is exceedingly important that the Sixty-ninth Congress appropriate the $10,000,000 recommended by the Director of the Budget for the fiscal year 1927, which begins on July 1, 1926. This will leave three further appropriations to be made, the act expiring July 1, 1930. The maximum appropriation is needed. It will require it all, and probably more, to complete the levees on the Mississippi River. There will probably be none for the flood control of the tributaries or the outlets, although such flood control is authorized under the second flood control act. The maximum appropriation is also necessary to conserve and protect the millions of dollars already invested by the Government and by the local interests in the improvement of the river. A single break in the levee would probably cost more than the entire authorization. The maximum appropriation, too, will not only be more economical in the long run, but it will carry out the idea of efficiency, which is the foundation for the authorization.

But the improvement of the Mississippi River is by no means complete. The problem of the tributaries remains. The real work of revetment has just begun and must be completed in order to make navigation on the lower Mississippi River certain.

IMPROVEMENT OF THE LOWER MISSISSIPPI ESSENTIAL TO THE DEVELOPMENT OF THE UPPER MISSISSIPPI AND ITS TRIBUTARIES

The 9-foot improvement in the Ohio River is being prosecuted and will require large appropriations. The 6-foot project in the Mississippi from St. Louis to Minneapolis should be carried on vigorously, and the 6-foot channel in the Missouri will require millions to complete. In addition, large amounts are being spent to connect the Mississippi with the Great Lakes at Chicago.

These improvements will promote the progress of the country. I mention them to indorse them. However, they will not render the service nor bring the desired benefits when completed unless the Mississippi River is improved from the mouth of these tributaries to the Gulf, unless navigation is made certain from Cairo to the Gulf. The only way by which a dependable channel can be maintained in the lower river is by revetment of the banks to prevent caving and to prevent the formation of bars in the channel. There can be no successful navigation without revetment. The money for the improvement of the upper Mississippi and its tributaries will be used in vain unless the fundamental revetment work in the lower Mississippi is provided for. Transportation to the ocean must be secured. Completed levees, with proper maintenance and revetment, according to eminent engineers, will give the lower river a 14 to 20 foot channel from the Gulf to Cairo. This would mean much to the prosperity of the entire valley.

The problem of the Mississippi is a great problem, but it can be solved. The engineers are agreed as to the method. Congress should provide and appropriate the funds.

The conservation of work already done, of appropriations already spent, the control of destructive floods, the protection of levees already built, and the present national need for improvement and maintenance of the channel and the promotion of navigation all demand the completion of the revetment of the lower Mississippi. A Government that constructed the Panama Canal can speedily complete the improvement of the Mississippi River. There will then be the dawn of a new and better day for agriculture and industry in the Mississippi Valley. [Loud applause.]

Mr. BARBOUR. Mr. Chairman, I yield seven minutes to the gentleman from Washington [Mr. SUMMERS].

Mr. SUMMERS of Washington. Mr. Chairman, what is the matter with the farmer? Candidly, I am wondering if the farmer is suffering more from the railroads or from stabs below the belt inflicted by the Interstate Commerce Commission.

Nearly 40 years ago the Interstate Commerce Commission was established as a buffer between the railroads and the people. It was established to regulate the railroads, and now the regulator needs regulating.

Perhaps you are one of the few remaining citizens of the United States who look upon the Interstate Commerce Commission with some degree of sanctity. Perhaps you look upon the Interstate Commerce Commission as an arbiter for all the people. I would not want to think otherwise of it.

But what are they doing to the farmer? Their latest stab in the short ribs of the farmer has just occurred out in the inland empire, that great wheat belt of eastern Washington and Oregon and western Idaho, that produces one-eighth of all the wheat grown in the United States. Here are the facts: Until five years ago we paid the same freight on wheat to Seattle, Tacoma, and Portland. They were competitive markets, but seven-eighths of the wheat from a given territory went to Puget Sound markets.

In 1920 somebody at Portland said:

Please give us a more favorable rate on wheat.

The Interstate Commerce Commission said:

Why, sure; we are glad you mentioned it. We can do it as well as not.

So they selected an arbitrary line through the inland empire and said:

All wheat south of this line will pay a lower rate to Portland because it's a downhill haul, and, perchance, a shorter haul.

What happened to the farmer? Portland having a more favorable freight rate could and did outbid Seattle and Tacoma. What next? Seattle and Tacoma of necessity withdrew from that territory. What next? Three-fourths of the wheat from this same territory now goes to Portland, great freight congestion at times occurs, the price of wheat is depressed, and at times prices are good, but there is no market.

The farmers believe this ruling of the Interstate Commerce Commission is costing them year in and year out 4 cents a bushel on millions of bushels of wheat.

They asked the Interstate Commerce Commission in a properly conducted hearing to again establish a parity of rates to Seattle, Tacoma, and Portland. The farmers sought a competitive market. The railroads themselves offered no objection. Let me repeat, the railroads themselves offered no objection. But the Interstate Commerce Commission, after considering the case about 18 months, have just denied the Walla Walla Farm Bureau's petition, because "Portland has a downhill haul." That sounds logical. But remember that same Interstate Commerce Commission fixes a rate for a Chinaman in Hongkong of 40 cents a hundred on steel hauled uphill and down from Chicago to San Francisco, but if a car of that same steel stops at Salt Lake City to be used by American farmers the Interstate Commerce Commission fixes a rate of 80 cents a hundred. The Chinaman pays 40 cents for a 2,300-mile haul, while the American farmer pays 80 cents for a 1,500-mile haul.

This same Interstate Commerce Commission fixes a rate of $1.58 a hundred on dry goods from Chicago to San Francisco, a 2,760-mile haul over a certain railroad over the Rocky Mountains, and fixes the same rate of $1.58 from Chicago to the farmers of Kansas and Nebraska, only an 800-mile haul. The railroads have now petitioned for a lower rate from Chicago to San Francisco than for the farmers of Iowa.

The farmers are struggling to make ends meet.

And now come the railroads after one of the most prosperous years in their history asking for an increased freight rate on agricultural products from the West. A cross-eyed school boy out my way could settle that question fairly and with equity to all in 10 minutes.

What is the matter with the farmer? Based on past performances, can anyone tell what the Interstate Commerce Commission will do?

Would an investigation of this occult Federal commission reveal the mysteries of its logic?

Mr. ALLGOOD. Will the gentleman yield?

Mr. SUMMERS of Washington. I yield.

Mr. ALLGOOD. Can the gentleman tell us how we can get rid of this Interstate Commerce Commission?

Mr. SUMMERS of Washington. I do not know of any way except to abolish it, if that seems the wise thing to do. I simply lay before the Congress for its consideration some of the things that are being done.

Mr. ALLGOOD. How would we go about abolishing it?

Mr. SUMMERS of Washington. The gentleman is a legistor, and I think he can answer that question as well as I can.

Mr. ALLGOOD. A bill would have to be introduced coming from the Republican side of the House, would it not?

Mr. SUMMERS of Washington. Not necessarily.

Mr. ALLGOOD. In order to receive the favorable consideration of the committee?

Mr. SUMMERS of Washington. The Interstate Commerce Commission is bipartisan. It has existed for something like 40 years. Most of the inequities have existed through several administrations, and neither party has so far seen fit to abolish it; but I raise the question at this time that possibly an investigation of the methods by which freight rates are fixed and as to why they are permitted to smother water competition might be in order.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. HARRISON. I yield 20 minutes to the gentleman from Louisiana [Mr. WILSON].

Mr. WILSON of Louisiana. Mr. Chairman, no single word more nearly explains and defines our present industrial civilization than "transportation." Without the modern means of transportation, so ordinary to us that we scarcely think of them, our standard of living would perish overnight, and we would be in the position of our forefathers in the early days of this Republic.

The year 1830 marked the first steam railroad in the United States. Prior to this there existed but two means of transportation—wagon roads and waterways. Consider what this simple statement purports. To deliver corn by wagon at a distance of 125 miles cost more than the selling price of the corn itself. In 1821 it cost $11 per 100 pounds to ship commodities from Philadelphia to Pittsburgh. The shipment of a ton of merchandise from Buffalo to New York cost $100. The United States Government paid contractors for wagoning Army supplies at the rate of from $25 per ton per hundred miles and upward, principally upward. Passenger travel was correspondingly slow and expensive. Naturally the speed varied greatly with the season of the year and condition of the roads, but apparently it averaged about 100 miles per day on the best commercial stage lines on the most improved highways existing at that time, and this mileage was accomplished by using relays and traveling all day and part of the night. Ordinary traffic was, of course, much slower.

Under such conditions it is easy to understand that a product of farm or factory had an extremely limited market. The extent of the market available was determined by the bulk and weight of the commodity in relation to its selling price.

In 1825 the Erie Canal was opened, and the cost of moving a ton of mechandise from Buffalo to New York fell from $100 to about $3. The effect of this was far-reaching. It stimulated and encouraged commerce to an almost unbelieveable extent and opened a vast hinterland to the port of New York, which up to that time had been second to Philadelphia. Other States seeing the effect of and value of inland transportation by water immediately embarked upon the building of canals and the improvement of natural waterways. Thousands of miles of canals were constructed, some aided by public funds and others wholly private enterprises. Pennsylvania and Maryland were probably the most active States in this work. Both endeavored, as their greatest project, to link their tidewaters with the Ohio River, but neither State was successful in this. However, though doubtless all the canals constructed resulted in some benefit to the points served, apparently only the Erie, the Delaware and Raritan, the Delaware and Hudson, and the Chesapeake and Delaware were financially successful.

During this same period the pioneers had pushed over the Alleghenies, down the Ohio Valley, up and down the Mississippi River, and out its western tributaries. The Ohio River and its tributaries, the Monongahela, Allegheny, Muskingum, Kanawha, Kentucky, Wabash, Cumberland, Tennessee, and others of somewhat less importance, furnished the base from which traffic on the Mississippi and its other tributaries expanded, and the base from which our people pushed westward to populate the Mississippi Valley. As early as 1824, 300,000 barrels of flour were shipped by river from the State of Ohio in one year. Improvement work began on the Ohio River in 1827, but amounted to little in a practical way until about 30 years later. Commerce on these rivers was handled first by arks, flat boats, keel boats, and barges. The first steamboat appeared on the river in 1811, but it was not until about 1826 that steamboats handled as much as one-half of the traffic on the Mississippi River system. Although the figures are uncertain and vary greatly, it is clear that the tonnage moved on the Mississippi River system expanded steadily and suffered no material competition from railroads until about 1860. The first steam railroad in this country was put in operation in 1830. All of the early railroads were very short, and the majority and perhaps all of them were intended to connect some town, mine, or other point with a navigable waterway. In other words, the railroad in its first conception was intended as a feeder for the waterways, and as a means of bringing the benefits of water transportation to interior points not so served. To illustrate this, up to the year 1840 56 railroads had been constructed in the United States, with a total mileage of 2,264.67 miles. This amounts to an average length for each railroad of 40.44 miles. Few of these connected with one another. The object of each was necessarily to serve some limited purpose of a company or community. Not until about 1850 did engineers and capitalists begin to combine and connect existing railroads with one another, with the additional construction required to form railroad systems as we understand that term—systems connected with one another, and by interchange facilities capable of carrying freight or passengers to almost any point desired. This second phase of railroad building, and certainly the transcontinental lines, were stimulated by the discovery of gold in California and the speculative and expansive period following that discovery.

The reasons for the continued rapid growth and expansion of railroads, as contrasted with the slow and halting growth of inland water transportation, are so varied and complex that I can but suggest some of the major causes. Aside from the inherent limitation of natural location waterways have suffered other handicaps in building a sound and profitable traffic.

In a considerable portion of the United States the channels are closed by ice for one to four months each year. This is not as serious as it sounds, however, for with the other diffi-

culties removed, and a traffic sufficient to justify the work, in most instances the channel can be kept open and free from ice.

Many of our arterial waterways are subject to traffic interruption by seasonal low water. This is also a remediable difficulty, and with proper improvement will be entirely obviated.

In the competition with railroads waterways have been further handicapped because they are under the sole control of the Government and the Congress has gone about the work of improvement in a piecemeal, haphazard manner. For example, the improvement of the Ohio River was begun a century ago and is not yet completed, and this is not because of any great difficulty in the work or any exorbitant cost, but simply a result of the methods followed by the Government in pursuing an inadequate and uncertain policy, instead of providing for the completion of the work in the same way that a railroad company would go about the completion of a trunk line.

In comparison with this lagging program for waterways, we had the railroads capable of being pushed into practically any portion of the United States, privately owned and aggressively managed, and extended and improved immediately where indicated by economic reasons.

The expansion of traffic on the railways has been great and steady in its progress. If anything is certain, it is that transportation facilities create traffic for themselves. It is also certain that the cheaper the rate the more tonnage moves.

In 1888 the railroads moved 590,857,353 tons of freight, and within the next 34 years, or in 1922, this total had doubled, amounting to 1,111,822,446 tons. In the same period the ton mileage increased from 65,423,005,988 to 342,188,000,000, or quintupled. Secretary Hoover in a very conservative statement has said:

> At a much less rate of increase we must within another quarter of a century provide for expansion in facilities to handle at least double what we are moving to-day. Our present railways will obviously be inadequate to meet that task.

The railroads have made strenuous efforts to care for this increasing tonnage, and by increasing the efficiency with which their facilities are used have succeeded in caring for the situation up to the present time. There is a limit, however, to the extent to which increased traffic can be cared for by more efficient operation.

If the railroads are to handle this doubled tonnage, new investments totaling many billions of dollars must be made. It is extremely doubtful that they can borrow or bring into partnership sufficient new capital to finance this expansion. Even if the capital could be secured, in many of the more important industrial and commercial centers the expansion necessary can not be made because of natural space limitations, and also because the cost of the property which would have to be acquired is too great to be borne by the railroads, and a fair return on its cost could not be earned.

Confronting the necessity for increased facilities, there appear to be but two courses open. We may pursue a laissez faire policy and be burdened with a railroad-rate structure based upon exorbitant costs of expansion and, in addition, sooner or later be overtaken by the national disaster of a failure of our transportation facilities, with the consequent halt in our progress and prosperity that will take many years and perhaps decades to overcome; or we may provide the funds necessary for the completion in an economic way of the waterway improvements authorized, and which when completed will not only provide the facilities necessary to care for many years of expansion but also foster that expansion because of the lower rates made possible.

In addition to the magnificent system afforded by the Great Lakes, and on which water transportation is secure and well developed, we have approximately 26,226 miles of navigable waterways within the United States, and, of course, our ocean harbors and intracoastal waterways. Over 13,000 miles of the total are in the Mississippi River system, which has its principal north and south terminals at Chicago and New Orleans, and east and west at Pittsburgh and Kansas City. This system with its feeders is capable of supplying cheaper transportation to all the territory between the Allegheny and Rocky Mountains.

In the year 1924 our inland waterways carried a domestic traffic of 353,138,424 tons, about one-third of the total tonnage carried by the railways of the United States. This tonnage, large as it is, is but a fraction of that the waterways can handle when they are developed as efficient carriers.

No transportation system can expand and develop until it meets the requirements and serves the convenience of the shippers. A waterway carrier can not usually put a siding to the warehouse of the shipper or the factory of the producer, and in order to compensate for this it is necessary that the water rate charged be low enough to more than care for the cost of putting on the wharf and loading. Waterways can give this lower cost, but ordinarily only on long-haul traffic or bulk tonnage on short haul.

In most instances at the present time this long haul can not be had, for the reason that in the improvement of our waterways the Congress has not pursued a policy of developing trunk lines and gradually completing the feeders, but has completed a link here and there, with the intervening stretches unimproved, so that little benefit results even to those sections where the improvement is completed. When the weak links have been improved, and only then, will the benefits of the money spent be felt.

Next in importance to the completion of the improvements our inland waterways need wharf and interchange facilities. In the first years of the operation of the barge lines run by the Inland Waterways Corporation more than one-half of every dollar of gross revenue received was spent in loading and unloading. The corporation has, by the installation of modern facilities, cut the loading cost in half and will probably further reduce it.

The situation in which we find ourselves to-day is substantially this: We have a railway system operating close to its maximum efficiency. We have a highway program rapidly approaching completion and which fills an important gap in our transportation system, and which will also feed traffic to both the railways and inland waterways. We have a waterway system by no means completed. We need this latter system now, and in the near future it will not be a need but an indispensable necessity.

Backed by public sentiment throughout the country which is based upon realization of the need for and value of an adequate inland waterway system to commerce, industry, and agriculture, the Congress is now entering upon an economic program for the improvement and completion of our harbor and waterway projects. The bill under consideration carries an appropriation of $50,000,000 for this work; and considering the conditions bringing this about I feel it is safe to say that this amount will be the minimum basis for future appropriations. We, as Members of the Sixty-ninth Congress, may well congratulate ourselves that this definite step to make this transportation program complete and effective is being taken now.

When these improvements are completed and water carriers are free from unnecessary interruptions to which they are now subject, they will command the confidence of the shippers, take the traffic they can best handle, and gradually twine themselves into the transportation service of the country. The inevitable result of this will be a transportation trinity composed of highways, waterways, and railways, each operating in its own field, each handling the traffic to which it is best adapted, and all serving the public good and promoting the general welfare. [Applause.]

Mr. HARRISON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. OLIVER].

Mr. OLIVER of New York. Mr. Chairman, I wish to speak very briefly on a bill that was before Congress last year and which has been introduced again in about the same form as it was passed by the House last year. It passed the House under a suspension of the rules with 20 minutes debate, but without the right of the Members to offer an amendment. The bill died in the Senate because of lack of time for its consideration.

That bill is the deportation bill. I want to discuss it briefly for fear that it will come up under the same rule with no opportunity to discuss it. I admit that we have the unqualified power of admitting any alien into the country, and we have the unqualified power to put any alien out of the country that we want to. There is no dispute about that. The Government of the United States has the powers of a monarchy in so far as aliens are concerned. In these brief remarks I speak without any criticism of the officials of the Government, for they have a most difficult task and in many instances where I have put up to them intricate questions involving a clash between humanity and the strict letter of the law they have solved them in a remarkable manner. I am indebted to them for their kindly attitude on many matters that I have submitted. So what I say has no application to the personnel of the department of the Government.

What I want to say is this: That in dealing with the alien he ought to be viewed in the light of toleration and not of prejudice. In dealing with the alien we ought, in the exercise of our powers as a monarchy, to put into action as much of the traditional method of justice of America as we can.

In section 19 of the bill I find section D under the terms of which he is to be tried. He is to be tried before an im-

migration inspector on any number of charges as described in the bill.

The bill does not provide that the alien shall have the right to subpœna a witness, it does not provide that he has the right to cross-examine the person who accuses him, it does not provide for a public hearing, it does not provide for a geographical jurisdiction or district for an inspector who holds a hearing, and it does not provide the right of counsel. All these safeguards we give to our citizens in every section of the United States whenever even five minutes of their liberty or five cents of their property is involved. But these rights are not granted to the alien in the deportation procedure provided in this bill, and from my standpoint there is no justification for such a policy. I am in favor of deporting the alien criminal. He should be speedily put out of the country. I want to see him convicted by a court and automatically deported.

The people of my district are anxious to see the disorderly alien, the alien that is a menace to the United States, put out. I represent a district where there are many aliens. They are unanimous in their desire that criminal aliens in the country be sent back without delay. But, of course, they want to see that a just law is enacted. Without a just law all aliens will be left to the whim, or caprice, or prejudice of those to whom autocratic power is granted.

Under the terms of this bill the inspector may hear charges 25 or 30 years old, for the statutes of limitation are wiped out as to the time that the Government or an individual may go back for the basis of a case. The inspector will have the extraordinary power to try any alien who entered the land, for all the time that we have been letting immigrants into the country.

The section that repeals all statutes of limitations is as follows:

SEC. 19. (a) At any time after entering the United States (whether the entry was before or after the enactment of the deportation act of 1926) the following aliens shall be taken into custody and deported:

"(1) An alien who at the time of entry was a member of one or more of the classes excluded by law from admission to the United States."

In every State of the United States we have statutes of limitations in criminal matters. After a lapse of a specified period of time the State may not proceed if it has not started its action within that time. Burglars, robbers, swindlers, blackmailers are granted immunity from prosecution under statutes of limitations. It is the universal policy of the States of the United States. It has been the policy of the Federal Government from the beginning. But it is to be reversed now, not reversed as far as the criminal is concerned but only as far as the alien is concerned. No sound reason has been advanced for treating the alien with less consideration than we treat the criminal.

The following sections of the bill put upon both the poor and the insane the burden of proof to show that their disabilities arose subsequent to their admission to this country. While we put upon the poor and the insane the burden of proof we do not give them the power to subpœna witnesses:

(4) An alien who is a public charge from causes not affirmatively shown to have arisen subsequent to entry into the United States;

(5) An alien who, from causes not affirmatively shown to have aisen subsequent to entry into the United States, is an idiot, imbecile, feeble-minded person, epileptic, insane person, person of constitutional psychopathic inferiority or person with chronic alcoholism.

An inspector of immigration will under this section hear evidence on insanity and its causes. Even the insane in private insane asylums, supported by their relatives, no matter when they came, may be tried under this section.

Again in section 19, subdivision E, the burden of proof is put upon the alien:

If any alien is arrested under the provisions of this section on the ground that he is found in the United States in violation of any other law of the United States which impose upon him in any proceedings not under this section the burden of proving his right to remain in the United States, such alien in proceedings under this section shall have the burden of proving his right to remain in the United States.

He has no power under the terms of the bill to force a single witness to testify at his hearing.

Under the terms of the bill the accused alien is not entitled to a trial. He is entitled to "an opportunity to be heard." The bill reads:

No alien shall be deported unless before the issuance of the order of deportation he was afforded, at the hearing before the immigrant inspector, an opportunity to be heard after notice upon the grounds stated in the order of deportation.

In order to strip the alien of the last vestige of judicial process the bill provides:

The decision of the Secretary of Labor in every case of deportation under the provisions of this act or of any law or treaty shall be final.

That means that there is no appeal to any court in the land.

An alien is entitled to "an opportunity to be heard" before an inspector, and the approval of the Secretary of Labor of the inspector's recommendation is final.

The alien may have been here for many years, he may have built up a successful business, he may have a family, but all he is entitled to in the hour of trouble that involves his liberty and his property is a civilian court-martial, with less protection for his rights and less consideration for justice than he could get from the most arbitrary government in existence. He is dependent upon the benevolence of a few officials of the Government armed with the power to hear what they will and decide as they please, without the guidance of law or the review of courts.

On its face, this is an unjust bill. There are sections in this bill which give the inspector power to overrule a jury. Paragraph (10) provides as follows:

(10) An alien who has, after the enactment of the deportation act of 1926, violated or conspired to violate, whether or not convicted of such violation or conspiracy, (A) the white slave traffic act, or any law amendatory of, supplementary to, or in substitution for, such act; or (B) any statute of the United States prohibiting or regulating the manufacture, possession, sale, exchange, dispensing, giving away, transportation, importation, or exportation of opium, coca leaves, or any salt, derivative, or preparation of opium or coca leaves.

Whether or not convicted—

The bill says.

That is a tremendous power to give to an officer of the Government untrained in any of its judicial processes. It is a tremendous power to give to anyone. I do not believe that the powers granted to an inspector in this bill would be accepted by a judge of any court in America. A judge would first want to make sure that the accused has the right to subpœna witnesses.

Without compulsory process he would know that our courts would be atrophied. No justice could be done. Why, when we want to enact a fair law with regard to aliens we deliberately turn around and upset the traditions and processes of justice that America has been proud of, I do not know.

For my part I am making at this time just a brief reference to this bill, hopeful that the committee in charge will look into it to see that the alien is treated in accordance with the American traditions of justice. We have invited him here. We had an alien bill in 1798, in the Adams administration, against which the people protested. Under that bill the President was the sole judge vested with discretion to deport anyone he thought dangerous. That bill was not as odious in its provisions of tyranny and was not as provocative of blackmail and blackguardism as this bill will be if enacted into law. I plead for a just law for the alien. Aliens will be accused by others under this bill just because they have been successful financially, and if they can not get a fair trial, if they can not even subpœna witnesses in their own defense, they will not get justice. If they are not given a public trial, they will not get justice. You will throw open the door to blackmail and to the degradation and corruption of Government officials. Why should we empower a department to hold its hearings just as it pleases when we give no such power to the judiciary? An inspector may go anywhere under the terms of this bill. In writing a law of this kind why do not we do as skilled legislators and write a fair bill, and say that the alien shall have a public trial, that he shall have a right to subpœna witnesses, and that he shall have a right to be tried within a certain area? Why should we permit an inspector to go to St. Louis and bring a man back to New York and try him there simply because he is an alien? We are not going to solve our problem by giving this power to these men. We are only going to have a raid and hunt law and persecute aliens. We are creating a reign of terror, graft, and tyranny. You will break their hearts and your own promise of a square deal. If Congress enacts a bad law, neither the Executive nor the courts can by its enforcement bring the blessings of justice to the people. We have invited these aliens to become citizens of the United States, and at the same time we are enacting over them this kind of a supergovernment that has no sympathy with the traditions of justice in our great country. I am pleading not for the alien but I am pleading for America. I want to see this Government uniform in its processes of justice, whether they apply to the stranger within our gates,

who has not taken from his back the first garment in which he came, or to the greatest citizen of the land. [Applause.]

Mr. CLAGUE. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. BARBOUR].

Mr. BARBOUR. Mr. Chairman, it is my purpose this afternoon to discuss some of the features of the bill now pending before the House, the Army appropriation bill. After sitting for several weeks on the subcommittee of the Committee on Appropriations for the War Department, and listening to the testimony of officers of the Army as they came before us day after day, as they recited the activities of the Army and told of the things the Army is doing, one fact has impressed itself upon my mind, and that is that the Army should have a press agent. Not that the Army does not get any publicity—it gets plenty of publicity—but there is a difference between a critic and a press agent, and there are certain constructive things that the Army is doing that the people at large seldom hear of and know little about.

This bill will provide for an Army of 12,000 officers and 118,750 men on an average through the fiscal year 1927. That is not a large Army, but I believe it can not be successfully denied that our Army is the best army of its size in the world. The popular idea is that the Army is engaged solely in the work of destruction, but the fact is that the Army is doing much constructive work and much work that is of benefit to humanity in general.

Take the work of the Chemical Warfare Service. There has been recently agitation for the abolition of chemical warfare, and even though treaties may be entered into which would bring about that result, nevertheless it is vital, I believe, to this country to maintain its Chemical Warfare Service. A part of the work that is being done by that service is to discover counteracting agents, chemicals, and gases that will counteract and overcome the poison gases and the chemicals that may be turned loose by an enemy. The discovery of chlorine gas for the treatment of respiratory diseases is an accomplishment of the Chemical Warfare Service of the Army. To-day it is used throughout the country by many physicians in the treatment of colds, and is being used more and more by the hospitals generally throughout the country.

If the Chemical Warfare Service of the Army had done nothing else, in my opinion it would have amply paid for itself and been amply justified by that one discovery alone. But it is to-day engaged in the manufacture of an improved gas mask, one that is vastly better than anything we had in the World War. Its experiments in the destruction of the boll weevil in the cotton fields of the South I believe are such that we are fully justified in carrying those investigations on to a further extent.

The Signal Corps of the Army maintains a cable to Alaska. Last year that cable did a total business of $390,330. The amount of Government business carried over that cable was $155,330. The appropriations carried in this bill for the Alaskan cable are $155,167, so the operation of the cable shows a profit over the cost of maintenance and operation of $235,163, estimated on that basis. The Signal Corps is carrying on experiments in the field of radio. It has devised a radio set which operates with a short wave, and while the set has not yet been entirely perfected, already a communication has been received at the Anacostia station in the District of Columbia which was sent from Fort McKinley in the Philippine Islands. It came through without being relayed. With those sets they are in frequent communication with the posts of Honolulu and at San Francisco from the Fort William McKinley station in the Philippine Islands. Then, too, the work that has been done in developing radio communication with airplanes is not only remarkable but it is in every way successful.

The radio sets which have been developed by the Signal Corps for the Air Service can be used both as telegraph and telephone and communicate successfully between the ground and an airplane at a distance of from 100 to 150 miles.

Mr. ALLGOOD. I am not doing this with the consent of the gentleman speaking, but considering the fact there are only about 16 Members here during this discussion on this important bill and this is the first discussion of this bill we have had since debate started, it seems to me that more Members should be on the floor to listen to this discussion, and I will make the point of no quorum——

Mr. BARBOUR. I appreciate very much the interest the gentleman from Alabama has in this matter, but so far as I am personally concerned I would prefer to go ahead and not take up the time required by a call of the House.

The CHAIRMAN. Is the point of no quorum withdrawn?

Mr. BARBOUR. It was not made, Mr. Chairman. The Finance Department of the Army is also deserving of more than passing notice at this time. That department has put the Army on a cash basis. The Army can now contract with contractors who heretofore would not do business with the Army because they did not know when they would get their money. Under the direction of Major General Walker the Army is on a cash basis, and during the past year the finance department has taken advantage of cash discounts amounting in all to $214,818.98, and by the money thus saved General Walker testified before our committee his department was able to pay for a considerable percentage of the clerical force of that office. The testimony further shows that any officer in the finance division who fails to take advantage of a cash discount is required by his commander to make a report to the War Department and give the reason why he failed to take advantage of the discount. So all of those things, gentlemen, all of this work that is being done by the Army, is deserving of more than passing notice.

We have in the office of the Surgeon General of our Army the largest medical library in the world devoted to medicine and its allied sciences. In that library are almost a million books and pamphlets; medical subjects are treated in all languages. There are about 1,900 different medical journals being received at this library all the time. And here is a thing that I do not believe is known generally to the country. The books and publications of this library are available to the medical profession and scientists throughout the entire United States. Any physician anywhere in the United States who desires a publication upon any subject in the field of medicine can have it by applying to this magnificent library maintained in the office of the Surgeon General. He can also get it by applying to his home library, filing there an application for the publication or treatise desired. Upon such request being forwarded by the librarian the publication will be sent by the Surgeon General's office. I do not believe that it is generally known that this wonderful library is maintained here by the Army and is available to physicians and medical men throughout the country.

To my mind one of the most constructive activities of the Army is the conduct of the citizens' military training camps, at which during the summer of each year young men ranging in age from 17 to the early twenties receive the 30-day period of training. The results of this period of training have been most remarkable. The records show that during the year 1925 at these camps the trainees gained on an average of 4 pounds in weight. Not all of them gained, to be sure. Some of them lost, but the average gain was 4 pounds per man, and the remarkable statement was made at the hearing that one man at the Plattsburg training camp gained 29 pounds in 30 days. The chest measurement of the trainees increased on the average from one-fourth to one-half inch. That was due, according to the statement made to the committee, to increased chest mobility developed by this training.

The average chest expansion of the trainees for the 30 days' period throughout the country was nearly 1 inch. In height, the men gained on an average one-eighth to a quarter of an inch. This was not due so much to growth but to improvement in posture and the way in which the men carried themselves. The overweights at these training camps as a general thing lose and the underweights gain. There are also benefits which can not be measured in figures and set down in tables, the benefit to the general physical condition of the trainees, improved posture, improvement in mental alertness, and improvement in general physical stamina.

Mr. BACON. Will the gentleman yield?

Mr. BARBOUR. I will.

Mr. BACON. About how many men took advantage of this wonderful opportunity for training?

Mr. BARBOUR. About 33,000 last year.

Mr. BACON. Were the appropriations sufficiently large to take care of all who applied?

Mr. BARBOUR. I understand they were. Of course more applied than were received at the camps. It is the policy of the department to secure more applications than the number of men to be trained, for the reason that many men apply who do not report, and the department wishes to insure that the desired number of trainees will be on hand at the camps. This year it is contemplated about 35,000 will be taken care of.

Mr. ALMON. The gentleman said the age was from 17 to 20?

Mr. BARBOUR. The maximum is 24.

Mr. ALMON. But not below 17 years?

Mr. BARBOUR. Not below 17 years.

In the Air Service much has been accomplished.

There has been developed a standardized training plane, which is said by experts to be the equal of anything in the world. This plane has a fuselage made of steel tubing which does not break to pieces in a crash. Our pursuit planes are

recognized to be the best in the world, and in the hearings an English constructor of airplanes is quoted as having said that our pursuit planes were the equal of any he had seen anywhere. Our bombers are the equal of any.

This brings me to a brief consideration of the Air Service. No branch of our military establishment has during recent times received the public notice and attention that the Air Service has received; but what we have heard about the Air Service is what it was not, and what it was not doing, and what it should do, but for some reason or other it does not seem to have been gotten over to the people what the Air Service really is, and what it is doing. I propose now, gentlemen, to enumerate a few of the things that the Air Service has accomplished, and it will give at least an idea of what the Air Service really is, if not what it should be.

As I have already pointed out, we have in this country the best planes in the world. At any rate our planes are not surpassed. The testimony shows that in design, method of manufacture, and types we are at least abreast of the world in all things, and in many respects we are ahead of other countries. We have in this country the best pilots. Our Army and Navy pilots hold one-half of the world's records, and the around-the-world-flight by our Army aviators has not been equaled by the tests of planes or pilots of any other country. [Applause.]

We have heard it said at various times that we did not have enough planes in this country and that the United States should have a big construction program and should build a large number of planes. The history of the Air Service since the World War has developed this fact: That if we had gone into construction on a large scale immediately following the World War there would have been a great waste of money and to-day we would have on our hands a lot of airplanes that would be worn-out or obsolete.

The life of a plane is from five to six years, according to the experts who appeared before our committee. A plane becomes obsolete in from three to four years. Some experts have stated that our most modern, up-to-date planes at the present rate of progress in development will be obsolete in from two to three years. So these facts show that, had we entered upon a large construction program immediately following the war, we would have had to-day on our hands a lot of obsolete planes; in other words, a lot of junk.

You sometimes hear it said and sometimes read that Congress has neglected the Air Service, that we have an Air Service in this country that is not what it should be, because Congress has failed to appropriate enough money. The facts show that that statement is absolutely unwarranted and without foundation in fact. Between the fiscal year 1920 and the fiscal year 1925, and including those two years, we have expended in this country on our Air Service $538,634,096.51. That sum includes the amount expended for the airplane carriers, the *Lexington* and the *Saratoga*.

In 1925, the year just closed, we expended in this country more than $84,000,000 on our Air Service, and the average during the six years from 1920 to 1925, inclusive, has been more than $85,000,000 a year.

Mr. COLE. Mr. Chairman, will the gentleman yield there?

Mr. BARBOUR. I yield to the gentleman from Iowa.

Mr. COLE. Is that confined to the Army, or to the Army and the Navy?

Mr. BARBOUR. To the Army and the Navy, the air mail, and everything we are doing in respect to aviation.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. KETCHAM. Does the gentleman intend in this connection to make a comparative statement showing what has been done in comparison by other countries?

Mr. BARBOUR. Yes; I intend to come to that.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. ALLGOOD. The gentleman said that our expenditure for Air Service has been about $85,000,000 annually?

Mr. BARBOUR. About that. Some years it has been a little over, and some years a little under, since 1920.

Mr. ALLGOOD. Will the gentleman state whether this service is more important to the country than the building of public buildings, concerning which the President says he will release $25,000,000 a year for post-office buildings throughout the country?

Mr. BARBOUR. The gentleman's question would lead me to a rather interesting field, which I doubt I could either cover or cross in the time given me.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. CLAGUE. Mr. Chairman, I yield to the gentleman 10 minutes more.

Mr. BARBOUR. The gentleman from Michigan [Mr. KETCHAM] has suggested that comparison be made between the amount expended by this country and other countries on air service. I shall be glad to do that. According to the figures which are available and which were presented to our committee, Great Britain has since the war expended on an average between $85,000,000 and $100,000,000 each year.

Mr. SWING. Does that cover the amount expended by their colonies or by the mother country herself?

Mr. BARBOUR. I presume by the mother country. That is my understanding. France since the war has spent on an average $30,000,000 a year; but in this connection it is suggested that the purchasing power of the franc in France is about twice its exchange value, and for the purpose of comparison I think it would be a conservative statement, therefore, to say that France has expended $60,000,000 yearly. Italy, according to the statement, has during the past three years increased its annual expense for air service from $6,700,000 to $21,000,000. Japan, during the last three years, has spent about $50,000,000, the average being a little more than $16,000,000 for each year during that period. Those are the expenditures, according to the figures that were submitted to our committee, by the leading nations of the world.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. LAGUARDIA. I have never heard it said—and I have been among the circle of those who were criticizing—that Congress has failed to appropriate enough. The criticism has been directed at the method and manner in which the money appropriated was spent.

Mr. BARBOUR. I will say to the gentleman from New York that I think the intelligent criticism has not been directed at Congress; but let me make this statement: I have seen the statement published—and undoubtedly the gentleman from New York and others have seen it published—that Congress has neglected the Air Service.

Mr. LAGUARDIA. That statement is absolutely unjustified, because the figures as stated by the gentleman would disprove that. I gave figures, I believe, in the discussion of this very bill last year, and we were up to the amount of $400,000,000 at that time.

Mr. BARBOUR. Colonel Mitchell, who is perhaps the severest critic of the Air Service in this country, has never criticized Congress; in fact, in his statements and in his magazine articles he has said that Congress has appropriated ample money for the Air Service.

Mr. LAGUARDIA. Our criticism has been that the air activites of the country are so divided that it has caused duplication, and it has caused waste and inefficiency. I was startled when I came into the Chamber to hear the gentleman say we have now the best airplanes in the world. Was the gentleman referring to any particular type or to the pursuit planes which the Army and Navy now have?

Mr. BARBOUR. The pursuit plane, I think, is acknowledged by everybody to be the best in the world.

Mr. LAGUARDIA. The gentleman means, then, that we have one type in this country—the pursuit plane?

Mr. BARBOUR. No. In addition to that, the testimony before our committee shows that our bombers are the equal of any, and that our training planes are as good as any, if not better.

Mr. LAGUARDIA. Does the gentleman know to what bomber they were referring?

Mr. BARBOUR. I presume the Martin bomber.

Mr. LAGUARDIA. If the record shows that the Martin bomber has been described as the best bombing plane, then I fear the witness is entirely discredited.

Mr. BARBOUR. As I am relying upon memory, I would not quote the witness as saying that the Martin bomber was the one he had in mind, but the statement made before the committee was this, in substance: Our bombers are the equal of any and, as I recall, that statement was made by General Patrick; but I do not attempt to quote him as having in mind any particular type of bomber, but he evidently did have in mind the particular bomber being used by our Air Service and which is being supplied to our Air Service.

Mr. CLAGUE. If the gentleman will permit, this is what General Patrick said in regard to bombers:

> I have to-day developed a single-engine bomber, of which I have bought one and have a contract for 10 more, equipped with one 800-horsepower engine, which is better than the Martin bomber. I propose to get this year some 30 more, whether of that type or of the two-engine type, I have not determined.

Mr. LAGUARDIA. That is a fair statement and that is an accurate statement. Now, since the development of the one-motor bomber, described by General Patrick in his hearing before this committee, France has not only developed but has under construction the Farman bomber, which surpasses the bomber described by General Patrick and which can not even be compared with it.

Mr. BARBOUR. The gentleman's statement demonstrates what I said a few moments ago about what would have happened to us if we had entered on a large construction program, because the development in airplanes is so rapid that what is the latest thing to-day a few months from now may be practically obsolete.

Mr. LAGUARDIA. And that is why some of us, since 1919, have been asking this House to concentrate all the production activities of the Government in one department. If that were done we could produce each year the very best that genius, science, and invention could give us.

Mr. BARBOUR. I did not intend to enter into the field of what we should do. I want to give, and I think the Members of this House are very earnest and sincere in their desire to give, to this country the best air service in the world. My purpose is simply to call the attention of the House to some of the things that have been done.

Mr. LAGUARDIA. But the gentleman is always so accurate and so thorough that to permit his statement to remain undisturbed, that we have good equipment here, I fear would create an impression that is not justified by the actual conditions and facts, hence my asking the gentleman to yield.

Mr. BARBOUR. I am very glad to have any information that the gentleman from New York can give, because we know that the gentleman from New York is experienced and skilled in the field of aviation and that his judgment on these things is good. But I am conveying to the House the testimony that was given before our committee and the statements that were made by our experts of the Air Service. I am not vouching for their judgment nor am I vouching for their correctness.

I am laying their statements before the House for what they may be worth, and, coming from men of that class, our own experts and men occupying the highest positions in our Air Service, I feel that they are entitled to most serious consideration.

Mr. LAGUARDIA. Oh, yes, but, of course, it all depends upon the interpretation we place on what they say. When the gentleman says we have the best personnel and best pilots, there is no question about that. When the gentleman states that Congress has been generous in appropriating, that is absolutely correct. When the gentleman points out the world records, he states what is true, because we have a large percentage of the world records. But when the gentleman points with pride to the flight around the world, he should pause and give due credit to the flyers and the organization. That flight was well organized, but that flight did not result in anything to justify us in boasting of the planes which were used.

Mr. BARBOUR. I could give the gentleman some information that has come to us in our hearings as to the condition of the planes when the flight was ended. The planes, as I understand, with the exception that the motors had been changed, were in excellent condition.

Mr. LAGUARDIA. Yes; but they were not high-speed planes; they were ordinary planes.

Mr. BARBOUR. Yes; they were built for that purpose.

Mr. LAGUARDIA. The great thing about the flight was the careful preparation and organization for the flight and the skill of the flyers.

Mr. BARBOUR. I think the gentleman is absolutely correct. I feel that possibly the gentleman has rather misunderstood the purpose of the remarks I am making. I am not contending that the Air Service is perfect; I am not contending that much can not be done and should not be done to improve our Air Service.

I simply started out with the purpose in view of showing what the Air Service is doing and has done, because the fact that it is doing something and has done something, in some way or another, does not seem to get over to the public.

Mr. ALLGOOD. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. ALLGOOD. The gentleman is commending the department?

Mr. BARBOUR. Yes; for what it has done.

Mr. ALLGOOD. The gentleman is commending the department for not going into this big building program?

Mr. BARBOUR. Yes.

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. CLAGUE. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. ALLGOOD. Will the gentleman explain, then, what they have done with the $90,000,000 each year if they did not enter upon a building program?

Mr. BARBOUR. The gentleman will have to get that information somewhere else. He will find much in the printed hearings. I offer this information to show that the charge that we sometimes hear and read that Congress has been negligent as to the Air Service is not true. I think the hearings will give the gentleman considerable information on the subject of expenditures and, as I would like to proceed, will therefore refer the gentleman to a rather complete statement that appears in the hearings.

As to a comparison of the personnel, the figures which I will give are taken from the Morrow report. The United States Army and Navy have a personnel of 14,848 officers and men, which does not include the men in the Organized Reserves and other civilian branches. The testimony showed that the Organized Reserves has 1,000 men in the Air Service, 500 of whom are immediately available and 500 of whom can be made available in three months. Of this number in the Army and Navy, 1,473 are pilots.

Great Britain has 32,656 officers and men, of whom 2,145 are pilots. France has 36,286 men, of whom 3,184 are pilots. Italy has 11,410 officers and men, of whom 921 are pilots; and Japan has 7,836 officers and men, 774 of whom are pilots.

Now, as to the number of planes—and this is taken also from the report of the Morrow Board—on June 30, 1925, we had in this country in service and in reserve, and not including training planes, 1,423 planes. Our training planes, including those which will be delivered up to June 30, 1926, amount to 650 in round numbers for the Army and the Navy.

Great Britain on April 1, 1925, had 1,053 planes, not including training planes. France on January 5, 1925, had 5,542 planes, of which 1,542 were in service, 4,000 in reserve, and the report shows that of the 4,000 in reserve 3,000 were prearmistice or practically obsolete planes. Italy on April 1, 1925, had 1,500 planes, 750 in service, 750 in reserve, and this number includes the training planes. Japan on June 30, 1925, had in service and in reserve 1,300 planes, which included training planes.

The testimony before the committee is to the effect that no country at this time could successfully carry on an air attack against the United States, taking into consideration what we have in the way of defenses in this country and what the other countries have which could be used for offensive purposes.

As I stated to the gentleman from New York a moment ago, I believe we all think that our Air Service can be improved; in fact, every board or commission that has investigated the Air Service has reported that it could be improved and should be improved and has recommended ways and means of doing it. It is agreed by everyone that the patient is sick, but so far the doctors have disagreed as to what the remedy should be; and without entering into that field at all and without having any intention of entering into a discussion of the relative merits of the plans proposed, my purpose to-day has been simply to lay before the House the information as to what the Air Service is doing and has done, and, as I said a few moments ago, information that for some reason or other does not seem to get across and does not seem to get out to the people of the country. [Applause.]

Mr. CLAGUE. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. FISH].

The CHAIRMAN (Mr. SWEET). The gentleman from New York is recognized for 15 minutes.

Mr. FISH. Mr. Chairman, I almost automatically say Mr. Speaker, because I am reminded I had the great honor of serving under you when you were speaker of the Assembly of New York and administered so ably the deliberations of that body.

Gentlemen and members of the committee, I am not one of those who cares to criticize the Congress of the United States for its sins of commission or for its sins of omission, but there are times when it is necessary to speak out, and I believe that this is one of the times.

It seems to me the Congress of the United States has been inexcusably negligent, almost criminally negligent, in not dealing with the coal situation. I can find no excuse whatever for the entire membership of the House, for the other legislative branch of the Government, and for Democrats and Republicans alike in not taking for the past three years any action whatever to empower the President to appoint commissions of arbitration and conciliation, a request he first made to the Congress on December 6, 1923, and again on December 8, 1925.

I appreciate that Democrats in the House have visited the President——

Mr. SOMERS of New York. Will the gentleman yield?

Mr. FISH. I would rather not.

Mr. SOMERS of New York. I just wish to correct that statement. We endeavored to visit the President.

Mr. FISH. Endeavored to visit the President and lay the situation before him, which does not change the situation a bit or lessen our responsibility. We Members of Congress can not avoid the responsibility, because the President in two separate messages to Congress asked for authority to act, and until he is empowered by Congress he is powerless to appoint these commissions of arbitration and of conciliation.

For the information of the House I will read extracts from the annual message of President Coolidge to the joint session of the Senate and the House of Representatives on Decembr 6, 1923:

> The President should have authority to appoint a commission empowered to deal with whatever emergency situation might arise to aid conciliation and voluntary arbitration; to adjust any existing or threatened controversy between the employer and the employee when collective bargaining fails; and by controlling distribution to prevent profiteering in this vital necessity. This legislation is exceedingly urgent and essential to the exercise of national authority for the protection of the people.

This message was sent to the Congress more than two years ago, followed later by an almost identical message on December 8, 1925. There is no mistake as to the attitude of the President. How can anyone question the meaning of these words? How can anybody pass the responsibility, for political reasons, to the President? The responsibility rests squarely on Congress.

Mr. SOMERS of New York and Mr. BLACK of New York rose.

Mr. FISH. I am sorry I can not yield.

I do not deny the fact that we have a Republican majority at the present time; that we had a quasi Republican majority in the last Congress; but that is not all there is to the question. For the past three years both Republicans and Democrats alike have been as quiescent as the corpses in the catacombs. It is only recently, in the last month or so, that the Democrats have seized upon the inactivity of Congress and made it a political issue and have insisted on action, and I believe quite properly.

Mr. CULLEN. Will the gentleman yield for a question?

Mr. FISH. When I get through. For three years this situation has existed. Nothing whatever has even been attempted by anyone in Congress. The reason is apparent—when the last coal strike was over and anthracite flowed steadily to the consumer everybody forgot about the coal situation. Everybody in this House, Democrats and Republicans alike, quit and forgot to give any more consideration to the request of the President. Now that there is a recurrence of the strike we try to pass the responsibility. The responsibility is on all of us, and it can only be met by giving prompt and immediate consideration of the whole coal situation without fear or favor; and I for one am only too glad to join with any Member of this House in asking consideration of the different bills that are before the Committee on Interstate and Foreign Commerce and of the recommendations primarily of the President of the United States.

How ridiculous it is. Yesterday five Republicans signed a petition asking for consideration of the President's message and of the recommendations of the fact finding commission, for which the Congress appropriated all together the tidy sum of $600,000, and immediately headlines appeared in some of the newspapers to the effect that "five Republicans bolt the administration." All we asked was that the recommendations of the President be considered, that the recommendations of the fact finding commission, for which we appropriated $600,000, be considered and be acted upon. We know, and so does everybody else in the House know, unless they want to play politics, that nothing can be done at the present time to stop the strike before the 15th of March, when the people will not need much more coal.

I sympathize with the poor people in New York State and New York City, because I know the conditions there. I know the hardship and suffering, and I know that the people throughout New York and New England are paying exorbitant prices for coke—$22 a ton. I know that in my district there is great suffering and that a thousand railroad men have been laid off because it is through my district the anthracite coal from Pennsylvania is distributed into New York City and across the Poughkeepsie Bridge into New England. Naturally I do not intend to sit silent any longer. I think this House has shown too much patience. Patience is a virtue, but sometimes you can go much too far and make it a hardship on the people.

Mr. SOMERS of New York. Will the gentleman yield?

Mr. FISH. Not now. It is the prime duty of the Government to protect the property and life of the people. A note has just been presented to me stating that the fact finding commission report was submitted September 22, 1922; that is further back than I thought. It is over three years ago since this report with its recommendations was submitted to Congress, and we have not even begun to consider it in committee.

Now, I want to know what is the excuse, what is the alibi, what is the reason for Congress putting its head like an ostrich in the sand and taking no action whatever on this report which cost the taxpayers $600,000.

Mr. BLACK of New York. I can tell the gentleman.

Mr. FISH. The gentleman can tell it in his own time. I will say that I will help him or any other Democrat to get action in this House and get it promptly. We need not go to the President of the United States until we take some action here. We can not shirk our responsibility by simply passing the buck to him.

Mr. BLACK of New York. Will the gentleman yield now?

Mr. FISH. I yield.

Mr. BLACK of New York. Can the gentleman tell us whether or not the President controls the Republican majority in this Congress?

Mr. FISH. The President does not necessarily control all the actions of the Republican majority in this Congress, but he does control the confidence and affection of the American people. [Applause.]

Mr. BLACK of New York. Will the gentleman yield further?

Mr. FISH. No; I do not yield any further. The President comes to Congress and asks for action.

Mr. BLACK of New York. Why can not he get it?

Mr. FISH. I want the gentleman to answer not in my time but in his. I know what he is going to say about the President, but it seems to me that there are other forces at work here—forces of the invisible government representing the soft-coal industry of a great many States in this Union, who do not want action because they are making money in their business as a result of the present strike.

Mr. ALLGOOD. Will the gentleman yield? I am from a soft-coal district.

Mr. FISH. No. I am sorry. There are a half dozen soft coal States and only one where anthracite is produced.

Mr. GARNER of Texas. Mr. Chairman, will the gentleman yield to somebody who has no coal in his district?

Mr. FISH. Yes; I yield to the gentleman, but I do not want to advertise these soft coal districts.

Mr. GARNER of Texas. I was rather amused at the gentleman's statement and his plea of guilty negligence for these three years. He now says that he is not going to be quiescent any longer. He has just waked up, and he is complaining about somebody else.

Mr. FISH. I admit it. I am as responsible as the gentleman is.

Mr. GARNER of Texas. Oh, I think more so, as the gentleman belongs to the majority party.

Mr. FISH. The gentleman knows very well that in the last Congress we did not have a majority.

Mr. LAGUARDIA. And we got more action than we have had in this Congress.

Mr. FISH. We got no action on the coal situation, and that is what we are talking about. I pause here to ask if there is anybody in this House who is unwilling that we should have prompt action by the committees to empower the President to appoint a commission on arbitration and conciliation. Is there anyone against that proposition? I pause for an answer.

Mr. BLACK of New York. Will the gentleman yield?

Mr. FISH. I pause for an answer.

Mr. BLACK of New York. I say that the chairman of the Interstate and Foreign Commerce Committee [Mr. PARKER, of New York] is opposed to any legislation at this time, and he has it all in his control, and he is of the President's party.

Mr. FISH. The gentleman has answered for another Member of Congress.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CLAGUE. Mr. Chairman, I yield five minutes more.

Mr. FISH. I think my colleague from New York [Mr. PARKER] can answer for himself. He is well able to do that. He has his reasons and I hope he will come into the House and give them.

Mr. GARNER of Texas. Mr. Chairman, will the gentleman yield?

Mr. FISH. I hope the gentleman from New York [Mr. PARKER] will give us that information. I think we Republicans, and I believe from your action, you Democrats, want that information. We want to know above all why this delay. We know that whatever action we take we are not going to settle the strike, but we do know that we do not want this coal situation to recur in the future, and we want to carry out the request of the President and empower him to act.

Mr. GARNER of Texas. I think the gentleman ought to yield to me.

Mr. FISH. I yield to the gentleman.

Mr. GARNER of Texas. Has the gentleman talked with the gentleman from Connecticut [Mr. TILSON] as to whether he is in favor of it?

Mr. FISH. Yesterday five Republicans, including myself, petitioned Mr. TILSON, the majority leader, for a hearing before the Republican steering committee on the coal situation. Without reading their names I will say that one of them comes from the sovereign State of Vermont, the birthplace of the President, another one is a distinguished Member of the House from Massachusetts, and three of them come from New York. We asked for a hearing before the official Republican steering committee to urge the consideration of the two messages of the President, the report of the Fact Finding Commission, and to find out why there had been no consideration of any of the coal bills.

As far as we are concerned that is our position. I believe it is the position of most Republicans. We want this information. We think we are entitled to it. We do not think that any action by Congress will stop the present strike, but we want to pass some coal legislation before the strike is over as judging by the past once the strike is settled Congress is apt to lose interest and do nothing.

Mr. GARNER of Texas. What did Mr. TILSON say?

Mr. FISH. The matter is now pending.

Mr. GARNER of Texas. He said the matter is now pending?

Mr. FISH. In fairness to Mr. TILSON the petition was only presented yesterday.

Mr. BLACK of New York. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. BLACK of New York. I believe the gentleman has shown the utmost good faith on this proposition. I recall the gentleman himself wrote the chairman of the committee of this House that has charge of these bills, asking for a hearing. Has the gentleman received an answer from the chairman of the committee?

Mr. FISH. The gentleman has not. It is evident that we are striving along the same lines, that we want some action to solve this coal situation, to prevent strikes in the future, and to provide coal for the people, regardless of strikes. That is all we are after.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. ALLGOOD. The gentleman says that he believes that the President has the confidence of the people of this country. Will the gentleman state whether he believes the President has the confidence of the people who are now freezing to death?

Mr. FISH. Oh, the Democrats have been trying to put the responsibility unjustly on the President of the United States and to make these people who are freezing to death believe that he is responsible. I have been telling you from the beginning of my remarks that Congress is responsible, not this Congress alone, but the last Congress also.

Mr. ALLGOOD. I included the Congress with the gentleman.

Mr. FISH. We are.

Mr. BLACK of New York. Mr. Chairman, will the gentleman yield?

Mr. FISH. No.

Mr. SOMERS of New York. Will the gentleman yield to me? He has not yielded to me.

Mr. FISH. Yes.

Mr. SOMERS of New York. I rise to ask the gentleman how he can expect this body to pass on some legislation which has not been presented to it, and especially in view of the fact that we are quite sure that the President is not sincere in making his recommendations; otherwise we would have had these bills on the floor.

Mr. FISH. I do not agree with the gentleman about the insincerity of the President, but I can say to the gentleman that these bills go to the Committee on Interstate and Foreign Commerce, one of the busiest committees in this Congress.

On that committee there are a large number of Democrats, and if they have been sincere in their advocacy of coal legislation there would have been action long before this. [Applause.]

By unanimous consent, I submit for publication in the RECORD as a part of my remarks a copy of the letter to Hon. JOHN Q. TILSON and a copy of a resolution from the Board of Supervisors from Orange County and one from the Common Council of the City of Port Jervis. Besides these, Senator COPELAND has received a petition from the mayor of Middletown, in my district, stating that over 500 railroad men had been laid off there as result of the coal strike, and that there was much suffering among the poorer people on account of the exorbitant price of fuel. In addition to these official communications, I have received a number of letters of protest from individuals.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, February 8, 1926.

Hon. JOHN Q. TILSON,
Majority Leader, House of Representatives,
Washington, D. C.

DEAR SIR: We, the undersigned, being convinced that further delay in consideration of possible legislation upon the subject of coal is politically injudicious and will lead to extreme hardship among the people, request a hearing before the steering committee upon the advisability of the Committee on Interstate and Foreign Commerce holding hearings upon the general subject of coal as contained in the following:

1. The two recommendations contained in the two addresses to Congress upon the subject by the President of the United States.

2. The report and recommendations made by the United States Coal Commission.

3. Various bills pending before the Committee on Interstate and Foreign Commerce upon the subject matter of coal.

Yours very truly,

ALLEN T. TREADWAY,
First District Massachusetts.
J. MAYHEW WAINWRIGHT,
Twenty-fifth District New York.
HAMILTON FISH, Jr.
Twenty-sixth District New York.
ERNEST W. GIBSON,
Second District Vermont.
HAROLD S. TOLLEY,
Thirty-fourth District New York.

COUNCIL URGES FISH TO SEEK CONGRESSIONAL ACTION ON COAL QUESTION TO SECURE A SUPPLY

At a meeting of the common council on Wednesday night at the city hall, with all members present except Alderman Brogan, the following resolution was unanimously adopted:

"Whereas the controversy between the anthracite coal miners and operators which has been pending for the past five months has involved the suspension of the mining of anthracite coal during that period with resulting enormous economic loss, widespread discomfort, and distress to the public and danger to the public health and safety; and

"Whereas the parties to the controversy, in their zeal to establish their respective contentions and compel the other to yield thereto, stubbornly refuse to compromise, in obvious unconcern of the great public interests involved and of the sufferings that are thereby inflicted on the public; and

"Whereas there are apparently no immediate prospects of a settlement and of the resumption of mining.

"*Resolved*, That the Common Council of the City of Port Jervis respectfully and earnestly appeals to the Hon. HAMILTON FISH, Jr., our Representative in Congress, to use his good offices in aid of such legislative or other measures as will contribute to end the present intolerable situation."

Mr. Wallace:

"Whereas the failure of coal production is a detriment to industry and a menace to the well-being and health of the Nation; and

"Whereas to insure production some other authority must be constituted than that which at present exists; and

"Whereas it is a subject for Federal rather than State legislation: Be it therefore

"*Resolved*, That it is the concensus of opinion of the board of supervisors of Orange County, N. Y., that Congress should enact such laws as shall empower the Government of the United States to operate any or all of the coal mines within the United States whenever to secure production of coal such an action should become necessary; and be it further

"*Resolved*, That a copy of this resolution be forwarded to the Hon. HAMILTON FISH, Jr."

STATE OF NEW YORK,
Orange County, Office of the clerk of the board of supervisors:

This is to certify that I, George F. Gregg, clerk of the board of supervisors of said county of Orange, have compared the foregoing copy of

resolution with the original resolution now on file in the office and which was passed by the board of supervisors of said county of Orange on the 4th day of January, 1926, and that the same is a correct and true transcript of such original resolution and the whole thereof.

In witness whereof, I have hereunto set my hand and the official seal of said board of supervisors this 6th day of January, 1926.

[SEAL.] GEORGE F. GREGG,
Clerk of the Board of Supervisors of the County of Orange.

Mr. HARRISON. Mr. Chairman, I yield three minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, I had no intention of speaking this afternoon, but I could not resist after hearing the argument presented by my colleague from the State of New York [Mr. FISH]. Now, I do not doubt his eagerness and his anxiety to want to do something in reference to the coal situation, but it is the silliest argument I ever heard on the floor of this House. Why, the idea of the gentleman, who is thoroughly and 100 per cent regular; who is in good standing and paid in his dues with his party; enjoys the confidence of the leaders; who still holds his committee position; who is still regarded as 100 per cent Republican, getting up here and telling us that he is angry, that he is surprised that we can not get any action on the President's recommendation. If he was talking to a kindergarten he might get away with such an argument, but how can anyone with any legislative experience come on the floor of this House, with a majority of the President's party in control, with a numerical majority large enough to steam roller anything they want in this House, and say the President is not to blame. The President could get action with a snap of his finger. The gentleman should not spoil his record here for sincerity and uprightness by such twaddle. The majority party is in absolute control. You have a steering committee who controls legislation; you have the chairman of the Committee on Interstate and Foreign Commerce; you have the Speaker; you have the floor leader; what more do you want? The gentleman refers to the "radicals." Perhaps if you did not have the majority you have, perhaps if the radicals had the balance of power we had last year, we would get legislation, because if we had this year what we had last year we would hold up everything until the majority party came to life——

Mr. FISH. I would like to ask of the radicals of last session, What did they do in conjunction with the Democrats to pass this legislation?

Mr. LAGUARDIA. I will say to the gentleman the radicals sometimes worked with them, and if I might be permitted to say, on one occasion we, at least, passed the tax bill that was an equitable bill——

The CHAIRMAN. The time of the gentleman has expired.

Mr. HARRISON. Mr. Chairman, I yield to the gentleman from Louisiana [Mr. O'CONNOR].

Mr. O'CONNOR of Louisiana. Mr. Chairman, I am in favor of this bill and I desire to ask unanimous consent to revise and extend my remarks on the rivers and harbors feature of the bill.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. O'CONNOR of Louisiana. Mr. Speaker, speaking at Kansas City about four months ago, Secretary Hoover, of the Department of Commerce, suggested that our internal waterways should be visualized not as a disconnected system of individual river and canal improvement but as a great water chain of vast links, making for a consolidated transportation plan. He believes that such a plan is the key to the seeming failure to effect the results which have been hoped for by the friends of the interior waterways, as it would open and enlarge a definite plan or program of the most vital importance to the Nation and harmonize with the realization of our new economic development. In his visualization of the Mississippi system he sees and makes clear that we could as a result of their topographical situation project a system of main trunk lines and laterals between the Allegheny and the Rocky Mountains covering 9,000 miles. From Pittsburgh, through Cairo, to St. Louis and Kansas City would comprise a main east-west trunk waterway extending a distance of sixteen hundred miles. Connecting at Chicago with the Great Lakes system, a great north-south trunk waterway from New Orleans could be projected. The heart of the Nation is traversed by these two great trade routes. St. Paul and Minneapolis would be brought into the system by the scientific improvement of the upper Mississippi, and Omaha and South Dakota points linked up with it by the systematic care of the upper Missouri. Chattanooga and Nashville could be brought in by the improvement of the Tennessee. Little Rock would be made a part of this gigantic system by engineering care of the Arkansas, and immeasurable benefits would flow from the authorization of the New Orleans-Morgan City sector of the intracoastal canal. Stop, look, and listen—for while it may be the dream of to-day it will be the actuality of to-morrow. Three thousand miles of trunk-line waterways and 6,000 miles of laterals making for an agricultural, commercial, and industrial development never before paralleled in any land. What are now desert parts of a vast territory will blossom as the rose. Immense riches and opulence will spring from this enormous development. The valley will witness a splendor that will pale into insignificance the glory that was of Greece, the grandeur that was of Rome. For a half of a century we have been engaged upon parts of this system, gradually deepening and improving them so as to permit of modern craft. But there is still a great obstacle to the successful operation of the Mississippi system, and its navigation will remain in a state of partial paralysis until that obstacle is removed. What is that obstacle? There are sections so shallow and so crossed with sand bars that modern barges can not be operated over the entire route. An analogy to this situation might be found in imagining a great railway beset by stretches of narrow-gauge track. It is clear that the goods that can be handled under such a condition is diminished to the capacity of the weakest link and the transportation cost enormously enhanced and increased. That is the principal reason why our waterways have not made a better showing than they have made. For many years waterways in this country have been looked upon mostly as parts of the export route. But it is perfectly clear to all students of the subject to-day that we must have back loading if we are to develop them as a cheap transportation system. We must have a number of industrial centers connected up with the seaboard in order to secure this necessary volume of back loading to balance the outward movement. It is obvious at once that the farmers of Iowa and Kansas should have Chicago on this great transportation route as providing a fundamental necessity of a balanced load. The development of our waterways is of supreme importance to the Nation. It is almost trite to make this statement, for, while the truth of it is generally recognized, for some mysterious reason the powers that be in every phase of our life—political, agricultural, commercial, and economic—have not yet arrived at the point where they are all willing to combine their efforts and determine to make the full and complete operation of the system the national asset that it will undoubtedly be.

Mr. Hoover very graphically conveyed to the House Committee on Rivers and Harbors at a recent session that our agricultural area has been thrown out of its economic relationship to foreign agricultural competitors, to the great disadvantage of the Middle West. It costs more for the Middle West farmer to get his produce to shipboard than before the war on account of the great advance in the cost of material, which has necessitated great and permanent increases in railway rates. By contrast with this situation, as it were, we must not overlook the fact that ocean rates are approximately on a pre-war basis. It must be borne in mind that competitive agricultural regions of the Argentine, Australia, and India are closer to seaboard, and that as a consequence of this it costs less in proportion to pre-war cost for the farmer in these territories to reach competitive markets than it does the American farmer in the Middle West. It is extremely difficult, as must be obvious to even those who are not students of the subject, to work out these differentials. By way of illustration, Mr. Hoover took an extreme case, perhaps, but then one that emphatically and unmistakably expresses his viewpoint beyond all contravention and drives it home unerringly to the minds of all his listeners or readers. It shows that the increased cost to Liverpool of the Montana farmer is about 11 cents a bushel over and above that of the Argentine farmer compared to pre-war basis or conditions. He deduces from this statement of fact that a lower comparative price level is established for all grain produced, because the cost of transportation to these competitive markets must be deducted from the farm cost, which necessarily affects the volume of grain moved to these markets. He estimates that savings from 4 to 9 cents a bushel could be made in reaching foreign markets as a direct result of completing the Mississippi system. That statement in itself should be sufficient to inspire the agriculturists of the entire valley in combining their wonderful power, as yet unused, however, politically, socially, financially, and by tying up with the commercial and industrial interests force by vigorous action the completion of this cheaper transportation. I do not mention the Great Lakes to the sea proposed system by way of the St. Lawrence Canal nor the alternate route through New York State, as there are many friends of those routes who will present their views and show the results that will flow to the Nation through the completion of these great waterways. Nor

would the development of these great systems, which would naturally make for a unification of the whole water routes of our country, do anything but enormously increase the effectiveness of the transportation facilities of our railways and highways. In a quarter of a century as a result of normal growth we should add 40,000,000 to our population. Railway traffic has grown from 114,000,000,000 ton-miles to 338,000,000,000 ton-miles during the last 35 years. It is clear that we must within the next quarter of a century provide facilities to handle at least double the tonnage we are handling to-day, even if the increase in our population is at a much lower rate than the estimate stated. It is obvious that the railway facilities of to-day will be totally inadequate to meet the task of the immediate future. As a corollary he draws the conclusion, because of the increased land values in our cities, that railway terminals, their care and maintenance, will become tremendously costly and will increase proportionately the cost of farm and other products, which, of course, has a tendency to reduce their movement and consumption. The problem of increased terminals and crowded streets would in a large measure be solved by the use of waterways, because they furnish continuous terminals spread along the whole water fronts in the cities. It would cost three times as much to duplicate these systems by rail as to complete the waterways, as will be shown to the satisfaction of anyone by a study of the comparative outlay, and more goods will move more cheaply in the end by waterways. New transportation facilities, indeed, are the magic wand that creates new business. It might be said to be a cause and an effect. Transportation facilities cheapen the movement of goods and make for a greater demand and a larger consumption of the commodities that are moved. Of what value would a sewing machine or a typewriter be if there were not transportation facilities to bring these blessings to the offices and homes of our people?

It is indeed the magic carpet of the Arabian Nights. Now and then it pays to ruminate, to turn back the hand of time, as it were—to roll up the curtain on the grand drama of life and visualize, as it were, some of the acts that have been played out and reflect upon the glory of the actors and factors that have joined the other things of yesterday. It is a world of change, even though to some minds we move in a circle. The old order is constantly giving way to the new, even though it may appear to some that we are pouring old wine into new bottles. The railways came and pushed out of use the waterways and highways that existed in the early days of the Iron Horse, because the 3-foot-draft steamboat and canal boat and horses and wagons were less efficient than steel rails and the trains that fairly flew over them. I can well remember the days when the wharves on the Mississippi River that runs by the doors of New Orleans were fairly lined with steamboats from one end of the city to the other. Floating palaces like the *J. M. White*, *The Natchez*, and the gorgeous and affectionately remembered *Robert E. Lee* were familiar sights to river people. From miles back of the Father of Waters they came and crowded to the shores in order to witness the epoch in river history, the memorable race from New Orleans to St. Louis between the *Natchez* and the *Lee*. Coal and pine knots gave out, and the beautiful woodwork was stripped from the sides of the vessel—were used to fire up. Salt meat was fed to the flame by stokers on board of both of these great steamboats, which arrived at St. Louis within a few hours of each other, practically skeletonized to almost the vanishing point by their heroic crews, who spared neither the vessels nor themselves in the wonderful race that will ever live in the song and story of the mighty river.

The river traffic, then no longer able to compete with railroad transportation, suffered a decline, and it looked for a time as if it would be totally annihilated. The tragedy of what appeared to be the end of river romance was written in lines of despair on the faces of river men and river towns. Highways were apparently stumbling to their destruction with waterways. But the invention of the gas engine has brought about a restoration of our highways and a multiplication of their traffic to a point where the automobile carries by far a greater number of passengers than are transported by our railways. As a matter of fact, in 15 years the total volume of passengers carried by automobiles has grown to more than double that of our steam railroads, notwithstanding the enormous increase in the business of our railways in this direction. Now our task is to recreate the river waterways by giving them a greater depth and supplying them with modern barge craft and new methods of propulsion. The importance of developing our railways is so necessary that no one would argue against such a proposition, I am sure, and that they are in no danger from the waterways is so clear that any attempt to elaborate this viewpoint would be a work of supererogation.

The Secretary in no faltering or uncertain tone made it clear that so far as the Mississippi system is concerned that the engineering questions are behind us. It can be completed if we go at it vigorously within five years and with an expenditure of approximately $100,000,000.

If we were to make a survey of all the opportunities of possible physical progress that lie before us in our Nation, well to the forefront would stand the development of our internal waterways. Projects of this magnitude were necessarily held in abeyance because of the war and the reconstruction that had to follow it. We must now realize that out of that war came many of our economic dislocations. But we have to the highest degree in our history now recovered our economic strength. Expenditure on waterways will increase the wealth and power of our country many times and bring actual economy to the country by increasing the area of tax distribution.

The district that I represent has a large interest in this vital subject—transportation, the development and extension of our highways, railways, and waterways. Situated at the lower end of the great funnel of the Mississippi Valley, New Orleans is the natural outlet for the enormous resources of the rich plains that stretch from the Gulf to and even beyond the Canadian boundary and from the Rockies to the Alleghenies. Converging upon the city are thousands of miles of inland waterways and 12 railroad lines that connect with all parts of the United States and penetrate to every part of this, the richest part of a great continent, and giving easy and cheap outlet to all commodities. As a result of its location, the last city on the Mississippi River, it will be the export place for the vast cargoes from all parts of a wonderful waterways, a unified system of thousands of miles that will shortly come to bless us and our children. The old Spanish Trail, which will link up through a great highway the opulent East with the golden West, will soon be a reality, as the necessary link, the building of bridges, will soon be accomplished, making for a quick connection with the Gulf coast, which will bring millions of machines through New Orleans moving east and west, bearing commerce or carrying passengers to and fro in accordance with the mysterious law that governs the actions of men and women who move to other scenes to satisfy the call of the wanderlust or some other impulse which makes for a great factor in our civilization. For true indeed it is that the wanderers that went in search of the Golden Fleece brought back far greater riches than they carried in their argosy. They brought back knowledge as a result of their contact and association with their new-made acquaintances. He that would bring home the wealth of the Indies must carry the wealth of the Indies with him. But to give men and commerce an opportunity, a chance to carry their wealth to parts near and distant and to bring home greater wealth, we must furnish the transportation facilities without which our civilization would perish. We must maintain and extend our railways, highways, and waterways. Every factor that can be helpful in making for the completion of the Mississippi system will be brought to our aid.

The international trade exhibition in New Orleans, wherein will be permanently shown the world's various products and evidenced her proud claim of being the second greatest port in the Nation and one of the greatest market places in the world, will work for the development of the Mississippi system night and day, year in and year out. And it is well that this great institution that is to write many wonderful chapters in the commercial history of the Union and to play an epochal part in carrying out the grand destiny of the Nation should earnestly strive to promote the efforts of the men who have borne the heat and burden of the day, of the dreamers whose dreams are about to come true, of those who toiled and moiled to revive and add to the ancient glories of river traffic. That exhibition will be the ideal show place where buyer and seller will meet. Strange faraway lands will become less strange, their products will be seen, bought, and sold, and trade will tie that international bond of friendship and understanding that is for the ultimate good of mankind. Merchants, manufacturers, producers from all four corners of the globe will mingle and exchange wares with the result that New Orleans as a great trade mecca will grow and prosper and the Mississippi Valley will become strong, great, and magnificent. The department of agriculture of every State in the Union will be asked to cooperate by exhibiting the agriculture and allied products of their farms, making the exhibition one of tremendous interest to the yeomanry of the land at a time when they are calling for her to be delivered from the chains of economic error and a transportation system that owes its weakness to a lack of proper

development of waterways and a failure to connect, tie up, and coordinate with it, unimproved as it is, the highways and railways of the country, which would lead to an unification and consolidation that would immeasurably lessen costs to the producer and consumer.

The mission of "Intrex" is to make for the general welfare by promoting the causes that make for greater trade and the blessings that flow from increased commerce to mankind.

To scatter plenty o'er a smiling land
And read a nation's history in its eyes—

is the high, noble, elevating purpose of our great institution which was formally opened by Calvin Coolidge, the President of the United States, through his touch of the key in the Executive Office which was felt almost instantaneously in New Orleans, putting in motion the financial, commercial, industrial, and agricultural mechanism and power of the great exhibition whose influence which will shortly be felt the world around. At about the same moment Secretary Hoover, whose masterly paper on waterways will live long as a state paper, wired his congratulations and felicitations to the headquarters of the International Trade Exhibition or "Intrex," as we have cogently abbreviated it, wishing it the marvelously wonderful growth its fundamental soundness and sure foundation assure it. "Intrex" stands for the development of every phase of American life, and particularly will it aid in solving our transportation problems and promoting the service that may be secured from a well-developed waterway system. To do this it is obvious that the Mississippi River Commission must work in harmony with the Army Engineers or the dual system will have to give way to one that will mean unified jurisdiction, control, and supervision in regard to both flood control and navigation. That part of the Mississippi system under the direction of the War Department or Army Engineers we are assured will be completed in the next five years in accordance with the plans suggested by Secretary Hoover to the House Committee on Rivers and Harbors out of an annual appropriation of $50,000,000 carried in this bill and which will undoubtedly be continued in subsequent bills. It is up to the Mississippi River Commission to fully justify its existence and mission by joining hands with the Army Engineers in doing things for the common good. The river for its entire length and its big tributaries must be made navigable. The people are willing to expend millions in addition to the $1,250,000,000 which they have already expended on rivers and harbors, but they expect a harmonious completed and linked navigable system that will justify its existence and make for a return of river traffic in all its serviceableness and splendor. What we of the lower reaches of the Mississippi have been hoping for, praying for, is approaching, if not at hand—a safe river and a navigable river.

Mr. BARBOUR. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TILSON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 8917, had come to no resolution thereon.

ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL

Mr. CAMPBELL, from the Committee on Enrolled Bills, reported that this day they presented to the President of the United States for his approval the following bills:

H. R. 5240. An act to authorize the construction of a bridge across Fox River, in Dundee Township, Kane County, Ill.;

H. R. 7187. An act granting the consent of Congress to the South Park commissioners and the commissioners of Lincoln Park, separately or jointly, their successors and assigns, to construct, maintain, and operate a bridge across that portion of Lake Michigan lying opposite the entrance to Chicago River, Ill.; and

H. R. 6090. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of McHenry, State of Illinois, in section 18, township 43 north, range 9 east of the third principal meridian.

LEAVE OF ABSENCE

By unanimous consent,

Mr. GIBSON was granted leave of absence for eight days, from February 11, on account of important business.

Mr. HUDSON (on request of Mr. MAPES) was granted leave of absence for one week on account of important business.

CALENDAR WEDNESDAY

Mr. BARBOUR. Mr. Speaker, I move that the House do now adjourn.

Mr. TILSON. Will the gentleman withhold that for a moment?

Mr. BARBOUR. I will.

Mr. TILSON. Mr. Speaker, I ask unanimous consent, tomorrow being Calendar Wednesday, that upon completion of the business to be called up by the Committee on Coinage, Weights, and Measures that further Calendar Wednesday business be dispensed with.

The SPEAKER. Is there objection?

Mr. SOMERS of New York. Reserving the right to object——

Mr. TILSON. Mr. Speaker, I will withdraw the request until to-morrow morning.

ADJOURNMENT

The SPEAKER. The gentleman from California moves that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 55 minutes p. m.) the House adjourned until to-morrow, Wednesday, February 10, 1926, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. TILSON submitted the following tentative list of committee hearings scheduled for February 10, 1926, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON FOREIGN AFFAIRS

(10.15 a. m.)

To provide for the expenditure of certain funds received from the Persian Government for the education in the United States of Persian students (H. J. Res. 111).

COMMITTEE ON IRRIGATION AND RECLAMATION

(10 a. m.)

Authorizing the Secretary of the Interior to cooperate with the States of Idaho, Montana, Oregon, and Washington in allocation of the waters of the Columbia River and its tributaries, and for other purposes, and authorizing an appropriation therefor (H. R. 8129).

COMMITTEE ON NAVAL AFFAIRS

(10.30 a. m.)

To provide for the promotion or advancement of officers who have specialized in aviation so long as to jeopardize their selection for promotion or advancement to the next higher grade or rank (H. R. 8125).

COMMITTEE OF THE POST OFFICE AND POST ROADS

(10 a. m.)

To regulate the manufacture, printing, and sale of envelopes with postage stamps embossed thereon (H. R. 4478 and other similar bills).

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

(10 a. m.)

Authorizing the construction by the Secretary of Commerce of a power-plant building on the present site of the Bureau of Standards, District of Columbia (H. R. 5358).

Authorizing the purchase by the Secretary of Commerce of a site and the construction and equipment of a building thereon for use as a master track scale and test-car depot, and for other purposes (H. R. 5359).

To increase the limit of cost of public buildings at Decatur, Ala. (H. R. 3797).

Authorizing the removal of the gates and piers in West Executive Avenue between the grounds of the White House and the State, War, and Navy Building (H. R. 54).

To convey to the city of Baltimore, Md., certain Government property (H. R. 6260).

COMMITTEE ON RIVERS AND HARBORS

(10.30 a. m.)

For the construction of ice piers or ice harbors in the Ohio River at Huntington, W. Va. (H. R. 7915).

COMMITTEE ON MILITARY AFFAIRS

(10.30 a. m.)

Department of national defense.

EXECUTIVE COMMUNICATIONS, ETC.

344. Under clause 2 of Rule XXIV, a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Bureau of Efficiency for the fiscal year 1927, amounting to $60,000 (H. Doc. No. 247), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SMITH: Committee on the Public Lands. H. R. 5710. A bill extending the provisions of section 2455 of the United States Revised Statutes to ceded lands of the Fort Hall Indian Reservation; with an amendment (Rept. No. 231). Referred to the Committee of the Whole House on the state of the Union.

Mr. GRAHAM: Committee on the Judiciary. H. R. 7907. A bill to fix the salaries of certain judges of the United States; with amendments (Rept. No. 232). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SMITH: Committee on the Public Lands. H. R. 3025. A bill granting a patent to Benjamin A. J. Funnemark; with amendments (Rept. No. 230). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 7561) to provide for the setting apart of certain lands in the State of California as an addition to the Morongo Indian Reservation; Committee on the Public Lands discharged, and referred to the Committee on Indian Affairs.

A bill (H. R. 3565) granting an increase of pension to George S. Jenkins; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DRIVER: A bill (H. R. 9095) to extend the time for commencing and completing the construction of a bridge across the St. Francis River near Cody, Ark.; to the Committee on Interstate and Foreign Commerce.

By Mr. BRAND of Ohio: A bill (H. R. 9096) to establish standard weights for loaves of broad, to prevent deception in respect thereto, to prevent contamination thereof, and for other purposes; to the Committee on Agriculture.

By Mr. CELLER: A bill (H. R. 9097) for a national prohibition referendum; to the Committee on the Judiciary.

By Mr. McFADDEN: A bill (H. R. 9098) to amend section 8 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, as amended; to the Committee on Banking and Currency.

By Mr. LEAVITT: A bill (H. R. 9099) authorizing the use of the funds of any tribe of Indians for payment of insurance premiums for protection of the property of the tribe against fire, theft, tornado, and hail; to the Committee on Indian Affairs.

By Mr. BLACK of New York: A bill (H. R. 9100) to provide for printing the reports of Cabinet sessions in the CONGRESSIONAL RECORD; to the Committee on the Judiciary.

By Mr. FREAR: A bill (H. R. 9101) directing the Secretary of the Interior to place certain Menominee Indians on the rolls; to the Committee on Indian Affairs.

By Mr. OLIVER of New York: A bill (H. R. 9102) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. ZIHLMAN: A bill (H. R. 9103) to amend sections 5, 6, and 7 of the act of Congress making appropriations to provide for the expense of the government of the District of Columbia for the fiscal year ending June 30, 1903, approved July 1, 1902, and for other purposes; to the Committee on the District of Columbia.

By Mr. KELLY: A bill (H. R. 9104) to amend an act entitled "An act reclassifying the salaries of postmasters and employees of the Postal Service, readjusting their salaries and compensation on an equitable basis, increasing postal rates, to provide for such readjustment, and for other purposes," approved February 28, 1925; to the Committee on the Post Office and Post Roads.

By Mr. STEAGALL: A bill (H. R. 9105) permitting the sale of certain land in Florida; to the Committee on the Public Lands.

By Mr. LANKFORD: A bill (H. R. 9106) to authorize the construction of buildings for post-office purposes in any town or city with $5,000 or more annual postal receipts; to the Committee on Public Buildings and Grounds.

By Mr. TAYLOR of Tennessee: A bill (H. R. 9107) to amend sections 4874 and 4875 of the Revised Statutes, and to provide a compensation for superintendents of national cemeteries; to the Committee on Military Affairs.

By Mr. WHITE of Maine: A bill (H. R. 9108) for the regulation of radio communication, and for other purposes; to the Committee on the Merchant Marine and Fisheries.

By Mr. OLDFIELD: A bill (H. R. 9109) to extend the time for the construction of a bridge across the White River; to the Committee on Interstate and Foreign Commerce.

By Mr. BLACK of New York: A bill (H. R. 9110) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. BLOOM: A bill (H. R. 9111) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. BOYLAN: A bill (H. R. 9112) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. CAREW: A bill (H. R. 9113) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. CELLER: A bill (H. R. 9114) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. CLEARY: A bill (H. R. 9115) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. CULLEN: A bill (H. R. 9116) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. DOUGLASS: A bill (H. R. 9117) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. DICKSTEIN: A bill (H. R. 9118) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. GRIFFIN: A bill (H. R. 9119) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. AUF DER HEIDE: A bill (H. R. 9120) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. KINDRED: A bill (H. R. 9121) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. LINDSAY: A bill (H. R. 9122) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. MEAD: A bill (H. R. 9123) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mrs. NORTON: A bill (H. R. 9124) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

My Mr. O'CONNELL of New York: A bill (H. R. 9125) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. O'CONNOR of New York: A bill (H. R. 9126) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. PRALL: A bill (H. R. 9127) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. QUAYLE: A bill (H. R. 9128) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. SOMERS of New York: A bill (H. R. 9129) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. SULLIVAN: A bill (H. R. 9130) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. WELLER: A bill (H. R. 9131) to create a board of industrial adjustments and to define its powers and duties; to the Committee on Interstate and Foreign Commerce.

By Mr. GRAHAM (by request): A bill (H. R. 9132) incorporating the Veterans of Foreign Wars of the United States; to the Committee on the Judiciary.

By Mr. HAYDEN: A bill (H. R. 9133) to authorize oil and gas mining leases upon unallotted lands within Executive order Indian reservations; to the Committee on Indian Affairs.

By Mr. LAGUARDIA: A bill (H. R. 9134) to create a fund for the purchase and sale of anthracite or hard coal during the existing coal shortage in the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. DENISON: Joint resolution (H. J. Res. 157) authorizing and directing the Secretary of War to accept and install a tablet commemorating the designation of May 30 of each year as Memorial Day by General Order, No. 11, issued by Gen. John A. Logan, as commander in chief of the Grand Army of the Republic; to the Committee on the Library.

By Mr. UPSHAW: Joint resolution (H. J. Res. 159) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. DOYLE: Resolution (H. Res. 130) directing the Commissioner of Internal Revenue to make, after appropriate investigation, an estimate of the losses suffered as the result of the adoption of the eighteenth amendment to the Constitution, and for other purposes; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BYRNS: A bill (H. R. 9135) for the relief of Natalie Summers; to the Committee on Claims.

By Mr. CAREW: A bill (H. R. 9136) granting a pension to Cornelius F. Cronin; to the Committee on Pensions.

By Mr. CROWTHER: A bill (H. R. 9137) granting an increase of pension to Gilbert H. Harris; to the Committee on Pensions.

By Mr. DENISON: A bill (H. R. 9138) granting a pension to Walter Brandon; to the Committee on Pensions.

By Mr. FENN: A bill (H. R. 9139) granting a pension to Conrad E. Nelson; to the Committee on Pensions.

By Mr. FLETCHER: A bill (H. R. 9140) granting a pension to Margaret McIncrow; to the Committee on Pensions.

By Mr. GARRETT of Texas: A bill (H. R. 9141) to provide for examination and survey of the Houston Ship Channel, with the view to its further improvement; to the Committee on Rivers and Harbors.

By Mr. KIEFNER: A bill (H. R. 9142) granting a pension to M. Prevallet; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9143) granting an increase of pension to Sophia Bouchard; to the Committee on Invalid Pensions.

By Mr. KENDALL: A bill (H. R. 9144) granting an increase of pension to Mary J. Stull; to the Committee on Invalid Pensions.

By Mr. LOZIER: A bill (H. R. 9145) granting an increase of pension to Louisa B. Higgins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9146) granting an increase of pension to Frances Ranson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9147) granting an increase of pension to Annaliza St. John; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9148) for the relief of M. C. Ellison; to the Committee on Claims.

By Mr. McSWEENEY: A bill (H. R. 9149) granting a pension to Elizabeth Hart; to the Committee on Invalid Pensions.

By Mr. MacGREGOR: A bill (H. R. 9150) for the relief of the Niagara Machine & Tool Works; to the Committee on Claims.

By Mr. MARTIN of Massachusetts: A bill (H. R. 9151) providing for an examination and survey of the harbor in Fall River, Mass., with a view to widening and deepening the main channel and widening and deepening the channel in front of the wharves; to the Committee on Rivers and Harbors.

By Mr. MENGES: A bill (H. R. 9152) granting an increase of pension to Annie Spiese; to the Committee on Invalid Pensions.

By Mr. NEWTON of Minnesota: A bill (H. R. 9153) granting a pension to Catherine Spicer; to the Committee on Invalid Pensions.

By Mr. PARKER: A bill (H. R. 9154) granting an increase of pension to Sarah M. Vanderwarker; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9155) granting an increase of pension to Lydia A. Haak; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9156) for the relief of Elsie McDowell Bunting; to the Committee on Pensions.

By Mr. ROWBOTTOM: A bill (H. R. 9157) for the relief of Louis Bender; to the Committee on Claims.

By Mr. SMITHWICK: A bill (H. R. 9158) for the relief of the Muscle Shoals, Birmingham & Pensacola Railroad Co., the successor in interest of the receiver of the Gulf, Florida & Alabama Railway Co.; to the Committee on Claims.

By Mr. STOBBS: A bill (H. R. 9159) for the relief of Henry Norcross; to the Committee on Claims.

Also, a bill (H. R. 9160) granting an increase of pension to Orianna Dyer; to the Committee on Invalid Pensions.

By Mr. SWANK: A bill (H. R. 9161) authorizing the Secretary of the Interior to pay legal expenses incurred by the Sac and Fox Tribe of Indians of Oklahoma; to the Committee on Indian Affairs.

By Mr. TAYLOR of Tennessee: A bill (H. R. 9162) granting an increase of pension to Sarah J. Freels; to the Committee on Invalid Pensions.

By Mr. THAYER: A bill (H. R. 9163) for the relief of Margaret T. Head; to the Committee on Claims.

By Mr. TINCHER: A bill (H. R. 9164) granting a pension to Mattie J. Hoover; to the Committee on Invalid Pensions.

By Mr. TOLLEY: A bill (H. R. 9165) granting an increase of pension to Anna M. Hewitt; to the Committee on Invalid Pensions.

By Mr. WURZBACH: A bill (H. R. 9166) for the relief of Joseph R. Gallagher; to the Committee on Claims.

By Mr. MOONEY: Joint resolution (H. J. Res. 158) providing for the examination and survey of the channels of the Great Lakes; to the Committee on Rivers and Harbors.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

621. By Mr. Bloom: Petition of the Associated Traffic Clubs of America, concerning the Hoch-Smith resolution on the subject of regulation of motor-vehicle common carriers; to the Committee on Interstate and Foreign Commerce.

622. Also, petition of the Government Club, of New York city, concerning sale of certain parcels of land not now needed for military purposes, and devoting the proceeds of such sales to the construction of permanent shelter for officers and men of the Regular Army; to the Committee on Military Affairs.

623. Also, petition of the American Citizens of Polish Descent, 509 East Fifth Street, New York city, concerning House bill 7089, which would amend the immigration act of 1924; to the Committee on Immigration and Naturalization.

624. By Mr. CAREW: Petition of the American Citizens of Polish Descent of the City of New York, favoring the passage of House bill 7089; to the Committee on Immigration and Naturalization.

625. By Mr. W. T. FITZGERALD: Petition of Allen Council, Junior Order United American Mechanics, Lima, Ohio, protesting against any effort to weaken or repeal present immigration laws or changing or enlarging the present quota; to the Committee on Immigration and Naturalization.

626. Also, petition of J. C. McCoy Woman's Relief Corps, No. 56, Department of Ohio, asking for more adequate pensions for veterans of the Civil war widows and nurses; to the Committee on Invalid Pensions.

627. By Mr. GALLIVAN: Petition of Col. Frank Baker, Marshfield, Mass., recommending favorable consideration of House bill 5840, providing for the equalization of pay of retired officers of United States services; to the Committee on Military Affairs.

628. Also, petition of W. F. Schrafft & Sons Corporation, Boston, Mass., opposing the Gooding long and short haul bill; to the Committee on Interstate and Foreign Commerce.

629. By Mr. MacGREGOR: Resolutions adopted at mass meeting of American citizens of Polish descent in New York City, January 31, in favor of the passage of House bill 7089; to the Committee on Immigration and Naturalization.

630. By Mr. MOONEY: Petition of Cleveland Foreign Language Press, protesting proposed registration of aliens bill; to the Committee on Immigration and Naturalization.

631. By Mr. SINCLAIR: Petition of Gov. A. G. Sorlie, of North Dakota, and 22 other officials of that State, on behalf of the adoption of a decimal system of weights and measures; to the Committee on Coinage, Weights, and Measures.

632. By Mr. SOMERS of New York: Resolutions adopted by the Alliance of Women's Clubs of Brooklyn, representing 10,000 citizens, demanding that coal shall be considered a public utility and within reach of all, and that Congress take action to insure a permanent settlement; to the Committee on Interstate and Foreign Commerce.